

DISCUSSION PAPER 25-003

# **I2U2: India's Diplomatic Tool for a Changing World Order**

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## SUMMARY

India has been making ever greater use of informal, issue-specific, “minilateral” collaborations to secure its interest in a changing world order. Prominent among these is a trans-regional grouping involving India, Israel, the United Arab Emirates (UAE), and the United States, known as “I2U2.” This grouping was formed in 2021 on the back of the 2020 Abraham Accords, with the primary aim of accelerating economic collaboration in areas that leverage the material interests of its members—connecting investment finance, technology, labor, and markets. For India, I2U2 holds specific strategic significance. New Delhi sees the Middle East as part of its extended neighborhood and has invested in a pragmatic balancing strategy across the region. I2U2 is also an initiative that highlights India’s deepening relationships with the United States, which has developed partly in response to China’s growing influence across South Asia and the Middle East.

I2U2 is also reflective of India’s leaders’ view that minilaterals offer an effective way to extend collaboration beyond bilateral, state-to-state interactions in a global environment that has exposed the weaknesses of traditional multilateral institutions. Many other states, especially middle and smaller powers, have reached similar conclusions. As minilateral groupings evolve with and without US participation, I2U2 presents a useful case study for examining how such groupings may shape regional economic and security cooperation in a world that is increasingly multipolar.

To date, the war in Gaza and the Red Sea crisis have slowed but not terminated the I2U2 grouping and its main associated project, the India-Middle East-Europe Economic Corridor (IMEC), suggesting that the economics-first logic of I2U2 has helped insulate it from major political and security shocks. For the United States, I2U2 offers a critical opportunity to recalibrate its approach to an increasingly multipolar Middle East and, more broadly, to demonstrate its ability to interact cooperatively, flexibly, and nonhierarchically with small- and mid-sized powers on issues of common economic concern. Amid an international system in flux, Washington should recognize and consider ways to broaden I2U2’s mandate over time to tackle a wider range of regional issues and to include additional partners.

# INTRODUCTION

As tensions rise between great powers, middle powers across the world are reassessing their strategic positions. Part of this exploration includes building new, small, and issue-specific minilateral collaborations to secure their interests. While the United States was a pioneer in the minilateral diplomatic arena with initiatives like the Five Eyes Alliance, India and Japan have enthusiastically followed suit in recent years.<sup>1</sup> Several countries from the Middle East, such as the UAE and Israel, have also joined the minilateral bandwagon. While some of these minilateral groupings include the United States, many do not, reflecting an evolving and increasingly multipolar world.

There is some variance among minilateral groupings—which typically consist of three to nine members—but they can be generally characterized as narrow, informal, and flexible.<sup>2</sup> Minilaterals tend to have lean institutional structures and narrowly functional orientations. They are more task-oriented than traditional multilateral frameworks and are generally established to address specific problems by small groups of countries with converging interests, even if they are geographically incongruous.

Using I2U2 as its main case study, this discussion paper looks specifically at New Delhi’s rationale for pursuing minilaterals that extend beyond bilateral ties and avoid the rigidities associated with formal multilateral groupings. I2U2 is the first minilateral involving India and the United States in the Middle East and also offers an example of how the two countries may work cooperatively on regional initiatives that complement one another’s strategic and economic interests. I2U2, for instance, provides a way for India to become more assertive diplomatically even as it works closely with the United States.

Minilateralism has found particular traction with India’s Bhartiya Janata Party (BJP) government. India’s minister of external affairs Subrahmanyam Jaishankar, a career diplomat, clearly believes that minilateral diplomacy is here to stay and is well suited to achieve India’s objectives of

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<sup>1</sup> The Five Eyes Alliance—consisting of the US, the UK, Australia, Canada, and New Zealand—originated during World War II.

<sup>2</sup> Bhubhinder Singh and Sarah Teo, eds., *Minilateralism in the Indo-Pacific: The Quadrilateral Security Dialogue, Lancang-Mekong Cooperation Mechanism, and ASEAN* (London: Taylor & Francis, 2020), 2.

showcasing itself as a rising power and the voice of the Global South.<sup>3</sup> In some instances, like I2U2 and the Quad (Quadrilateral Security Dialogue), India's approach to minilaterals is in synchrony with the United States, but India also maintains delicate ties with Russia, Iran, and even China through other unilateral forums such as BRICS (Brazil, Russia, India, China, and South Africa) and the Shanghai Cooperation Organization (SCO).

Israel's ongoing war in Gaza has not led to the complete breakdown of the I2U2 grouping or a rejection of the associated IMEC. While this could change, for now it suggests that such blocs, for India and the other partners, are driven mainly by important economic incentives that can outweigh even quite significant political and security considerations.

## MINILATERALISM RESURGENT

While minilaterals are not a new phenomenon, they are having a moment, owing to the fragmentation of the world order and its detrimental effect on the functioning of traditional multilateral institutions. Minilaterals, often led by small, rising, and middle powers, reflect a widespread preference for a multipolar, or even a “nonpolar,” world.<sup>4</sup> By voluntarily working together on a specific agenda, smaller groups of countries can better position themselves amid the political competition of great powers and sidestep the challenges to efficient decision-making in larger organizations such as the United Nations.

This is not to argue that the rise of minilateralism will render multilateralism irrelevant. The two approaches have the potential to complement each other, with the former addressing some of the weaknesses of the latter. Unilateral cooperation can enable ventures in areas like commerce and technology sharing where traditional alliances—required for deep military and strategic cooperation—are not necessary or viable. In a world characterized by flux, short-term cooperative ventures aimed at solving specific problems are especially attractive, and they can include a wide

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<sup>3</sup> Press Information Bureau, “Towards a Brighter Tomorrow: India's G20 Presidency and the Dawn of a New Multilateralism,” news release, Prime Minister of India, November 30, 2023, [www.pmindia.gov.in/en/news\\_updates/towards-a-brighter-tomorrow-indias-g20-presidency-and-the-dawn-of-a-new-multilateralism/](http://www.pmindia.gov.in/en/news_updates/towards-a-brighter-tomorrow-indias-g20-presidency-and-the-dawn-of-a-new-multilateralism/).

<sup>4</sup> Richard Haass, “Living in a Non-Polar World,” *Project Syndicate*, April 18, 2008, [www.project-syndicate.org/commentary/living-in-a-non-polar-world](http://www.project-syndicate.org/commentary/living-in-a-non-polar-world).

range of participants with disparate ideological and strategic orientations. For instance, during the COVID-19 pandemic, minilateral frameworks became a go-to diplomatic format as countries partnered on the specific tasks related to vaccine development and global health, while multilateral institutions struggled because countries looked inward and failed to address the developing world's concerns.

Operating in small clusters offers several advantages compared to managing larger ones, especially in contexts that prioritize agility.<sup>5</sup> First, informal, personalized working arrangements are effective within compact groups. The “Chip 4,” for instance, brings together the United States, Japan, South Korea, and Taiwan, all highly motivated to counter China's quest to control the semiconductor market and supply chain.

Second, the flexibility to opt into a specific group for a single purpose enables a clear and likely more forceful articulation of intentions. The “Mangrove Alliance for Climate,” formed in 2022 among the UAE, Indonesia, India, Sri Lanka, Australia, Japan, and Spain, for example, specifically focuses on the protection of mangrove ecosystems.<sup>6</sup>

Third, small clusters give greater voice to less powerful states whose concerns may be overlooked in large multilateral forums. Mexico has pushed for a “lithium alliance” with Argentina, Bolivia, and Chile—three countries that account for more than half of global lithium reserves—to govern lithium production and trade amid rising global demand for electric vehicles.<sup>7</sup>

## **New Delhi's Perspective on Minilaterals**

From New Delhi's strategic viewpoint, the world is in the throes of a fundamental transition toward a multipolar order in which India's fast-growing economy should play an increasingly important

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<sup>5</sup> Kishan Rana, “Minilateralism: A Trend in Regional Diplomacy,” *DiploFoundation* (Malta), March 30, 2023, [www.diplomacy.edu/blog/minilateralism-a-trend-in-regional-diplomacy/](http://www.diplomacy.edu/blog/minilateralism-a-trend-in-regional-diplomacy/).

<sup>6</sup> “UAE, Indonesia Unveil Mangrove Alliance for Climate at COP27,” news release, *Zawya* (UAE), November 8, 2022, [www.zawya.com/en/press-release/events-and-conferences/uae-indonesia-unveil-mangrove-alliance-for-climate-at-cop27-yy96gimg](http://www.zawya.com/en/press-release/events-and-conferences/uae-indonesia-unveil-mangrove-alliance-for-climate-at-cop27-yy96gimg).

<sup>7</sup> Luke Chan and Nicolás Devia-Valbuena, “In the Global Rush for Lithium, Bolivia Is at a Crossroads,” *United States Institute of Peace*, December 12, 2023, [www.usip.org/publications/2023/12/global-rush-lithium-bolivia-crossroads](http://www.usip.org/publications/2023/12/global-rush-lithium-bolivia-crossroads).

role.<sup>8</sup> In this context, Indian policymakers are exploring new mechanisms for international collaboration, especially with other middle powers.

From India's perspective, great power competition has exacerbated the inherent weaknesses of multilateral institutions. The United Nations' failure to recognize the changing global economic and political order through reform and expansion of the UN Security Council (to include India) is a particular frustration.<sup>9</sup> Pointing to China-Pakistan ties, New Delhi has also accused multilateral platforms of being misused to protect supporters of terrorism. Similarly, Indian diplomats have stressed that multilateral forums have failed to properly address issues related to climate justice, as well as food and energy security.<sup>10</sup> Where multilateral institutions fail, minilaterals like I2U2 can fill the gap, and as a consequence, according to India's minister of external affairs Jaishankar, "this form of diplomacy is there to stay."<sup>11</sup>

That said, for India, multilaterals like the United Nations can still serve important functions. Membership in the UN Security Council confers global status in ways that no minilateral can. The United Nations also offers a venue for India to demonstrate international leadership, for instance, as a champion and voice of the Global South. Hence, India still advocates UN reforms. It also participates actively in other multilateral forums such as the Asia-Africa Growth Corridor and the G20.

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<sup>8</sup> The International Monetary Fund forecast India to grow at 6.1 percent in 2023 and 6.3 percent in 2024. Clement Tan, "IMF Raises Growth Forecast for India," CNBC.com, July 26, 2023, [www.cnbc.com/2023/07/26/imf-raises-2023-economic-growth-forecast-for-india.html#:~:text=The%20IMF%20now%20expects%20India,year%20and%201%25%20next%20year](https://www.cnbc.com/2023/07/26/imf-raises-2023-economic-growth-forecast-for-india.html#:~:text=The%20IMF%20now%20expects%20India,year%20and%201%25%20next%20year).

<sup>9</sup> Tanya Trivedi, "United Nations Is Far from 'Reflective of the True Diversity': India's UN Representative Ruchira Kamboj," *Zee News* (India), December 2, 2022, <https://zeenews.india.com/india/united-nation-is-far-from-reflective-of-the-true-diversity-india-s-un-representative-ruchira-kamboj-2542810.html>; and ANI, "UNSC Must Evolve to Match Changing Requirements of Modern World, Says Ruchira Kamboj," *Economic Times* (India), February 9, 2023, <https://economictimes.indiatimes.com/news/india/unsc-must-evolve-to-match-changing-requirements-of-modern-world-says-ruchira-kamboj/videoshow/97766895.cms?from=mdr>.

<sup>10</sup> PTI, "Multilateral Platforms Being Misused to Justify and Protect Perpetrators of Terrorism: Jaishankar at UNSC," *Times of India*, December 14, 2022, <https://timesofindia.indiatimes.com/india/multilateral-platforms-being-misused-to-justify-and-protect-perpetrators-of-terrorism-jaishankar-at-unsc/articleshow/96230505.cms>; and S. Jaishankar, "Statement by External Affairs Minister at the United Nations Security Council Open Debate on 'Maintenance of International Peace and Security: New Orientation for Reformed Multilateralism,'" Ministry of External Affairs, December 14, 2022, [www.mea.gov.in/Speeches-Statements.htm?dtl/35997](http://www.mea.gov.in/Speeches-Statements.htm?dtl/35997).

<sup>11</sup> Comments made by Indian external affairs minister S. Jaishankar during a fireside chat organized by the author at the Anwar Gargash Diplomatic Academy, Abu Dhabi, in September 2022.

However, when it comes to implementing overseas projects, such as providing developmental assistance in Kenya and Ethiopia, India increasingly looks to operate through minilateral channels.<sup>12</sup>

India's shared concerns with the United States about China's hegemonic ambitions in the Indo-Pacific region have also encouraged new diplomatic initiatives. However, India's aim is not merely to counterbalance China but to reinforce a multipolar world order in which India enjoys independent ties with the widest possible array of partners around the world, never sacrificing its strategic autonomy or being forced to align with a single great power.<sup>13</sup> It is instructive that even as India works with the United States in the I2U2 and Quad, it remains a member of the SCO and BRICS as well as the India-France-UAE Trilateral, among other groupings.

## **MINILATERALISM AND CHANGING PARADIGMS IN THE MIDDLE EAST**

Traditionally an American sphere of influence, the Middle East is undergoing profound changes. The perceived erosion of American regional dominance has created space for India, China, Russia, Turkey, and some of the Gulf countries, among others, to enhance their influence—sometimes with the United States as a partner and other times at its expense.

The normalization of ties between the UAE and Israel through the 2020 Abraham Accords, launched under US stewardship, set the pathway for the regional powers to expand their economic and strategic cooperation. The Abraham Accords paved the way for I2U2 in the fall of 2021, and this minilateral has been a vehicle for India to broaden its economic cooperation with Israel, Arab partners, and the United States. As other powers expand their influence in the Middle East, I2U2 is also an opportunity for the United States to continue its engagement with the region by working with partner countries to bolster economic, trade, and technology initiatives.

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<sup>12</sup> Hussain Haqqani and Narayanappa Janardhan, "The Minilateral Era," *Foreign Policy*, January 10, 2023, <https://foreignpolicy.com/2023/01/10/minilateral-diplomacy-middle-power-india-israel-uae/>.

<sup>13</sup> Husain Haqqani and Aparna Pande, "Understanding India's Perspective," Hudson Institute, June 20, 2022, [www.hudson.org/foreign-policy/understanding-india-s-perspective](http://www.hudson.org/foreign-policy/understanding-india-s-perspective).



## **I2U2: Exploiting Economic Complementarity and Downplaying Geopolitics**

The complementarities between an India dedicated to expanding its manufacturing base and creating new jobs, Israel’s innovative “start-up” economy, and the UAE’s capital-rich “scale-up” economy are rife with potential. For instance, in 2021 the three started a trilateral green tech collaboration that featured an Israeli technology company manufacturing robotic solar panel cleaners in India to sell in the UAE’s market.<sup>14</sup> The United States, for its part, brings great power heft to I2U2 and promotes its unity through its increasingly close strategic ties to India, long-standing partnership with the UAE, and deep commitment to Israel.

In a short span, I2U2 has been a notable success. It has opened the door for cooperation in areas ranging from sustainable development to global solutions in green energy, food security, and infrastructure. Indian leaders believe the group can contribute significantly to the global economy by combining the strengths of the four countries: “capital, expertise, and markets.”<sup>15</sup>

The first I2U2 Summit, though virtual, took place within a year after it was formed. It resulted in agreements to pool resources to modernize infrastructure, expand connectivity between Middle East countries and Asia, and promote start-ups. During the summit, the UAE—home to the International Renewable Energy Agency and host of COP28 in November/December 2023—pledged to invest \$2 billion to develop a series of integrated food parks in several Indian states. This is expected to address the UAE’s own and global food security concerns. The food parks “will incorporate state-of-the-art climate-smart technologies to reduce food waste and spoilage, conserve fresh water, and employ renewable energy sources.”<sup>16</sup>

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<sup>14</sup> PTI, “Israeli Firm Produces Solar Technology in India for Project in UAE,” *Economic Times* (India), May 7, 2021, <https://energy.economictimes.indiatimes.com/news/renewable/israeli-firm-produces-solar-technology-in-india-for-project-in-uae/82445509>.

<sup>15</sup> Ministry of External Affairs, “English Translation of Address by Prime Minister Shri Narendra Modi at the I2U2 Summit,” Public Information Bureau (India), July 14, 2022, [www.mea.gov.in/Speeches-Statements.htm?dtl/35491/English+translation+of+Address+by+Prime+Minister+Shri+Narendra+Modi+at+the+I2U2+Summit](http://www.mea.gov.in/Speeches-Statements.htm?dtl/35491/English+translation+of+Address+by+Prime+Minister+Shri+Narendra+Modi+at+the+I2U2+Summit).

<sup>16</sup> The White House, “Joint Statement of the Leaders of India, Israel, United Arab Emirates, and the United States (I2U2),” news release, July 14, 2022, [www.whitehouse.gov/briefing-room/statements-releases/2022/07/14/joint-statement-of-the-leaders-of-india-israel-united-arab-emirates-and-the-united-states-i2u2/](http://www.whitehouse.gov/briefing-room/statements-releases/2022/07/14/joint-statement-of-the-leaders-of-india-israel-united-arab-emirates-and-the-united-states-i2u2/).

The US Trade and Development Agency also funded a feasibility study for a \$330 million hybrid renewable energy project in Gujarat, India—specifically wind and solar capacity complemented by a battery energy storage system. American and Israeli private firms expressed interest in working with Indian and UAE counterparts to build on these initiatives.<sup>17</sup> This is important to India’s goal of achieving 500 GW of nonfossil fuel capacity by 2030. India prepared an action plan to implement joint projects. To ensure momentum, special envoys of the four countries agreed to continue sherpa-level interactions.

As a grouping focused on economics, occasional references to I2U2 as the “New Quad” or the “Middle East Quad” are misleading.<sup>18</sup> Although the Quad is hardly a new “Asian NATO,” its critics portray it as a group dedicated to countering China’s growing influence in the Indo-Pacific. I2U2, on the other hand, targets neither China nor Iran, at least thus far, and focuses primarily on economic collaboration.

Pressure to assume an anti-Iran or anti-China tone could derail I2U2’s progress, given the different views of its members on how to deal with Beijing and Tehran. Israel has referenced Iran on occasion, with Israel’s ambassador to India stating: “one of the reasons why our relations with the Gulf countries came to the open was, among other things, the fear and shared concern from Iran.”<sup>19</sup> However, Iran is rarely mentioned by other I2U2 countries.

I2U2’s focused, economics-first agenda has allowed the group to develop quickly. It stands in contrast to the Quad’s often halting and uncertain transformation from its formation in 2007 to its first in-person summit in 2022.<sup>20</sup>

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<sup>17</sup> These food parks will integrate climate-smart technologies to conserve water; employ renewable energy sources (wind and solar), complemented by a battery energy storage system; and reduce food waste. The project is expected to help India improve its stakes as a global supply chain hub in the food and renewable energy sectors. The renewable energy project particularly would help India meet its climate and energy target of 500 megawatts of nonfossil fuel capacity by 2030.

<sup>18</sup> Narayanappa Janardhan and Gedaliah Afterman, “I2U2 Summit Overlooks Geopolitics in Favor of Economic Collaboration,” Arab Gulf States Institute in Washington, July 26, 2022, <https://agsiw.org/i2u2-summit-overlooks-geopolitics-in-favor-of-economic-collaboration/>.

<sup>19</sup> Shubhajit Roy, “Israel vs Iran, Both Take Gloves Off,” *Indian Express*, November 2, 2021, <https://indianexpress.com/article/india/israel-vs-iran-naor-gilon-ambassador-to-india-7603359/>.

<sup>20</sup> PTI, “Quad Vows \$50 Billion Investment in Indo-Pacific to Counter China Clout,” *Kyodo News* (Japan), May 24, 2022, <https://economictimes.indiatimes.com/news/international/world-news/quad-vows-50-billion-investment-in-indo-pacific-to-counter-china-clout/articleshow/91772206.cms?from=mdr>.

## **Building on I2U2: IMEC and Beyond**

The European Union, United States, Russia, Turkey, and other states are exploring and introducing new connectivity projects that include rail, road, port, and high-speed underwater cable networks. These initiatives have different motivations but are generally responses to the world's changing logistical and supply chain realities and China's Belt and Road Initiative.

In 2023, members of I2U2 signed up to the IMEC, which was announced on the sidelines of the G20 summit in Delhi. IMEC's vision of a multimodal, commercial passage would improve links between the port of Mumbai, India, by sea to Jebel Ali in the UAE, by rail through Saudi Arabia and Jordan to Haifa, Israel, and then by sea again to the port of Piraeus, Greece. The project, when complete, would bring India closer to European markets. IMEC would complement the India-Middle East Food Corridor and pave the way for expanded trade and investment in petrochemicals, green energy, and technology enabled by India's recent trade agreements with the UAE and Israel.<sup>21</sup> For the United States, IMEC offers an opportunity to integrate its partners in the region into critical supply chains and trade routes.<sup>22</sup>

Barring a 200-mile link from Al Haditha, at the Saudi-Jordan border, to Beit She'an, at the Jordan-Israel border, most of IMEC's basic infrastructure is ready. Since Jordan and Israel have diplomatic ties, political difference is unlikely to be a major hindrance in connecting the missing link. It is more likely that finance is a hurdle. The UAE, which has friendly ties with all of IMEC's regional partners, along with Saudi Arabia, could eventually plug the capital gap and help complete the project. The Houthi-initiated Red Sea disruptions may also serve as a catalyst for IMEC partners to find alternative trade routes sooner rather than later.

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<sup>21</sup> Michaël Tanchum, "India's Arab-Mediterranean Corridor: A Paradigm Shift in Strategic Connectivity to Europe," Institute of South Asian Studies, South Asia Scan 14, August 2021.

<sup>22</sup> Manjari Chatterjee Miller and Clare Harris, "The Future of the IMEC Hinges on a Stable West Asia," Council on Foreign Relations, November 20, 2023, [www.cfr.org/article/future-imec-hinges-stable-west-asia](https://www.cfr.org/article/future-imec-hinges-stable-west-asia).

I2U2's early successes, including the announcement of IMEC, point to additional opportunities. For example, efforts to shape new minilateral partnerships by extending I2U2 to include Japan, South Korea, and Singapore have been under way at the track 2 and track 1.5 levels.<sup>23</sup>

## A NEW ERA IN INDIAN FOREIGN POLICY

India's high-profile diplomatic investments in relationships with the UAE, Israel, and the United States mark a significant evolution in its foreign policy. External Affairs Minister Jaishankar previewed this change in 2016 when he stated that India would match its "Act East" policies with "Think West."<sup>24</sup>

India's relationship with Israel has also developed considerably in recent years. While in 2003 Ariel Sharon became the first Israeli prime minister to visit India, an Indian prime minister had never visited Israel until Narendra Modi's trip in July 2017. Previous Indian leaders preferred to keep India's burgeoning security and technology ties with Israel below the radar, owing in part to India's long-standing support for the cause of Palestinian statehood.

Since October 7, 2023, India's position on the Israel-Gaza war has been equidistant and multi-layered. Owing to its own insurgency experiences in Kashmir, the government has condemned Hamas's terror acts. But India has also urged Israel to exercise military restraint and engage in diplomacy. While it has consistently backed a two-state solution, India has also called for the release of hostages, criticized the death of civilians, contributed humanitarian assistance, and advocated a ceasefire.<sup>25</sup>

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<sup>23</sup> N. Janardhan, Gedaliah Afterman, Mohammed Baharoon, and Il Kwang Sung, "Time to Incubate a UAE-Israel-Korea Partnership," *Gulf News*, July 7, 2022, <https://gulfnews.com/opinion/op-eds/time-to-incubate-a-uae-israel-korea-partnership-1.89050840>. Seeking to expand the scope of the Abraham Accords, the Abba Eban Institute for International Diplomacy and the UAE's Anwar Gargash Diplomatic Academy have been leading pathbreaking track 2 initiatives toward exploring such partnerships with leading East Asian countries.

<sup>24</sup> Subrahmanyam Jaishankar, "Speech by Foreign Secretary at Raisina Dialogue," Raisina Dialogue, Ministry of External Affairs, March 2, 2016, [www.mea.gov.in/Speeches-Statements.htm?dtl/26433/Speech\\_by\\_Foreign\\_Secretary\\_at\\_Raisina\\_Dialogue\\_in\\_New\\_Delhi\\_March\\_2\\_2015](http://www.mea.gov.in/Speeches-Statements.htm?dtl/26433/Speech_by_Foreign_Secretary_at_Raisina_Dialogue_in_New_Delhi_March_2_2015).

<sup>25</sup> "India at UN Calls for Immediate Ceasefire in Gaza Strip: Urges for Unconditional Release of Hostages," *All India Radio*, July 18, 2024, [www.newsonair.gov.in/india-at-un-reiterated-its-call-for-an-immediate-and-complete-ceasefire-in-gaza-strip/](http://www.newsonair.gov.in/india-at-un-reiterated-its-call-for-an-immediate-and-complete-ceasefire-in-gaza-strip/).

Similarly, though the UAE has been among India's top trade partners for decades, Narendra Modi was the first Indian prime minister to visit the Gulf country in more than three decades. The lack of a prime ministerial visit for such a long duration could be attributed to any or all these reasons: the two countries and their leaders taking their relationship for granted; there being no major crisis in their bilateral ties; lack of imaginative vision to boost existing engagement; and the reluctance of Indian prime ministers, especially Manmohan Singh (2004–14), to clarify the reasons for several UAE investments in India getting mired in corruption cases, leading to protracted court battles.<sup>26</sup>

Modi, on the other hand, decided to acknowledge these legacy issues and convinced the UAE leadership that a new beginning could be made under his watch. He has visited the UAE seven times since 2015, the last in February 2024 to inaugurate Abu Dhabi's first Hindu temple. Trade between the two countries increased by 15 percent a year after the Comprehensive Economic Partnership Agreement (CEPA) was signed between India and the UAE in 2022, and their trade in goods was projected to exceed \$100 billion and trade in services to \$15 billion by 2027.<sup>27</sup> The dramatic improvement in India-UAE ties was demonstrated by Abu Dhabi's decision to avoid criticism of India's 2019 constitutional changes in Kashmir. The UAE has even invested in Kashmir's development despite Pakistan's dissatisfaction.

Broadly speaking, India aims to maintain relationships and advance its national interests across the Middle East's three poles of power: the Arab world (the UAE and Saudi Arabia), Iran, and Israel.<sup>28</sup> Accordingly, India avoids strategies that would limit its engagements to any one camp in any of the Middle East's defining strategic, religious, or ideological cleavages. But in crafting this balance among India's partnerships in the Middle East, the UAE has often been a center point of

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<sup>26</sup> "CWG Scam: Emaar-MGF under Scanner," *Times of India*, October 20, 2010, <https://timesofindia.indiatimes.com/india/cwg-scam-emaar-mgf-under-scanner-ed-may-summon-bhanot/articleshow/6780914.cms>.

<sup>27</sup> Kallol Bhattacharjee, "India and UAE Set to Use Rupee, Dirham for Trade," *The Hindu* (India), July 15, 2023, [www.thehindu.com/news/national/india-and-uae-set-to-use-rupee-dirham-for-trade/article67084500.ece](http://www.thehindu.com/news/national/india-and-uae-set-to-use-rupee-dirham-for-trade/article67084500.ece); and IANS, "A Year after Signing India-UAE Comprehensive Economic Partnership Agreement, Bilateral Trade Grew by 27.5%," *Economic Times* (India), February 18, 2023, <https://economictimes.indiatimes.com/news/economy/foreign-trade/a-year-after-signing-india-uae-comprehensive-economic-partnership-agreement-bilateral-trade-grew-by-27-5/articleshow/98041509.cms?from=mdr>.

<sup>28</sup> Dhruva Jaishankar, "Survey of India's Strategic Community," Brookings Institution, March 1, 2019, [www.brookings.edu/articles/introduction-survey-of-indias-strategic-community/](http://www.brookings.edu/articles/introduction-survey-of-indias-strategic-community/).

New Delhi's engagement. India and the UAE now engage bilaterally, trilaterally (i.e., the India-France-UAE Trilateral since 2022), and quadrilaterally.

India's pragmatism is reflected in its approach to multilateralism.<sup>29</sup> New Delhi's vision of I2U2 reflects a new Middle East strategy driven less by ideological solidarity than by economic interest. Aiding this policy is India's own economic growth, which makes it a more capable and attractive partner for the Middle East.<sup>30</sup> I2U2 is a means to sustain and accelerate this growth, as it is intended to offer India access to investment capital for Indian infrastructure and private-sector growth, new technologies, and lucrative export markets. These opportunities could, over time, also open the door to greater collaboration in defense production and maritime security in the Middle East and the western Indian Ocean as well as cooperation in ventures aimed at countering the threat of violent extremism.<sup>31</sup>

I2U2 is also an attempt by India's current BJP government to showcase its unique contributions to Indian foreign policy. I2U2 is touted as a way to strengthen partnerships without accepting binding alliances. Prime Minister Modi's strong personal ties with other world leaders enable India to project itself as a major player at the international high table.<sup>32</sup> India's leaders also believe that their energized interaction with partners across the Middle East contributes to stability in India's extended neighborhood.

Equally important, the BJP's commitment to make India a developed country by 2047 requires significant changes in its foreign policy.<sup>33</sup> India will need to take advantage of every economic opportunity—for trade, investment, and access to technology and markets—in its extended neighborhood, including the Middle East, and I2U2 is intended to facilitate that effort.

Finally, I2U2 further underscores the remarkable turnaround in US-India ties since the 1990s after decades of Indian nonalignment or, at times, preferential ties with the erstwhile Soviet Union. For India, the I2U2 grouping signifies a break from the "anti-Western tradition" in India's Middle

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<sup>29</sup> Haqqani and Pande, "Understanding India's Perspective."

<sup>30</sup> Haqqani and Pande, "Understanding India's Perspective."

<sup>31</sup> Haqqani and Pande, "Understanding India's Perspective."

<sup>32</sup> Reflections gathered from the authors' conversation in the UAE with Talmiz Ahmad, former ambassador of India to Saudi Arabia, Oman, and the UAE, December 2022.

<sup>33</sup> C. Raja Mohan, "Diplomacy for Viksit Bharat," *Indian Express*, August 16, 2022, <https://indianexpress.com/article/opinion/columns/diplomacy-for-viksit-bharat-8091948/>.

East engagement as India enters a “new and dynamic phase” in its foreign policy in the region.<sup>34</sup> As India deepens its own ties with countries in the Middle East, its cooperation with the United States through I2U2 also offers a model of how the two countries may identify complementary interests in a world that is increasingly multipolar.

## IMPACT OF GAZA CONFLICT AND RED SEA UNREST

The Hamas attack on Israel on October 7, 2023, and the subsequent conflict in Gaza have posed significant challenges to the I2U2 and IMEC initiatives. While the associated projects are already seeing slower-than-hoped-for progress, the fact that there have been no calls from any of the parties to terminate either the grouping or the deals is both a positive sign and a reflection of the economic logic that undergirds them. India has pointedly asserted that there will be no adverse impact on progress: “The IMEC is for the long term and its significance is long term. While short-term glitches can cause concerns and occupy our minds, we will keep engaging with all stakeholders. This is just not for the immediate future.”<sup>35</sup> This resolve was evident in an interministerial Indian delegation on IMEC holding follow-up talks with its UAE counterpart on operationalizing the project in May 2024.<sup>36</sup> The United States and the UAE have also reiterated the importance of IMEC for bolstering trade, strengthening supply chains, and supporting economic growth in a recent bilateral joint statement.<sup>37</sup>

If anything, the disruption of Red Sea shipping by Houthi attacks in 2023 and 2024 has reinforced the logic of using the port of Haifa as a node for transregional trade that bypasses the Red Sea

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<sup>34</sup> C. Raja Mohan, “India’s New West Asia Approach Is a Welcome Break with Past Diffidence,” *Indian Express*, July 12, 2022, <https://indianexpress.com/article/opinion/columns/india-new-west-asia-approach-is-a-welcome-break-with-past-diffidence-8022957/>.

<sup>35</sup> Subhayan Chakraborty, “Economic Cooperation Must Continue Despite Gaza, Red Sea Conflicts: Kwatra,” *Business Standard (India)*, February 14, 2024, [www.business-standard.com/economy/news/economic-cooperation-must-stay-despite-red-sea-gaza-conflict-foreign-secy-124021401321\\_1.html](http://www.business-standard.com/economy/news/economic-cooperation-must-stay-despite-red-sea-gaza-conflict-foreign-secy-124021401321_1.html); and TNN, “West Asia Conflict Won’t Impact IMEEC,” *Times of India*, October 14, 2023, <https://timesofindia.indiatimes.com/business/india-business/west-asia-conflict-wont-impact-imeec/articleshow/104411685.cms>.

<sup>36</sup> Press Trust of India, “Indian Delegation Holds Talks with Key Entities in UAE on IMEEC,” *Siasat Daily*, May 18, 2024, [www.siasat.com/indian-delegation-holds-talks-with-key-entities-in-uae-on-imeec-3028291/](http://www.siasat.com/indian-delegation-holds-talks-with-key-entities-in-uae-on-imeec-3028291/).

<sup>37</sup> White House, “US-UAE Joint Leaders’ Statement Dynamic Strategic Partners,” news release, September 23, 2024, [www.whitehouse.gov/briefing-room/statements-releases/2024/09/23/u-s-uae-joint-leaders-statement-dynamic-strategic-partners/](https://www.whitehouse.gov/briefing-room/statements-releases/2024/09/23/u-s-uae-joint-leaders-statement-dynamic-strategic-partners/).

and facilitates uninterrupted Indian exports to Europe.<sup>38</sup> Moreover, when hostilities draw to a close in Gaza, I2U2 could emerge as a critical facilitator for projects aimed at addressing humanitarian needs and bolstering regional stability. This could include efforts in crucial areas such as food security and infrastructure development, offering a pathway to recovery and resilience in the aftermath of the conflict.

## CONCLUSION AND RECOMMENDATIONS

As India and many other countries navigate the new world (dis)order to enhance their economic growth and manage geopolitical challenges including China's growing power and assertiveness, New Delhi has embraced minilateral groupings to coordinate important aspects of its global strategy.

I2U2's start has been quick and positive, but it remains to be seen if India's use of minilaterals like I2U2 can meet expectations. Seizing economic opportunities will likely require I2U2 members to put important strategic differences aside, including over Iran and China. However, this should be enabled by the informal nature of the minilateral framework, characterized by loose, issue-based partnerships rather than formal, long-term, and all-encompassing agreements. This emerging type of narrow, informal cooperation is an important dynamic for the United States to watch as it looks to pursue its own interests in critical regions.

Minilaterals are a creative solution to the dysfunction and stalemate associated with many of the world's well-established multilateral institutions. However, although the benefits of minilateralism seem to far outweigh its costs, it also introduces risks. First, minilateral groupings threaten to become exclusive cartels that deprive benefits of membership to other states. Second, their agendas could be dominated by short-term considerations, which would reflect on the shelf life of their policies. Third, given the relative ease in forming minilateral partnerships, their numbers could mushroom without ever delivering on material goals. Critics thus fear that minilaterals could add to the woes of a fragmented world that desperately requires collective action.

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<sup>38</sup> Giorgio Cafiero, "The UAE and the Red Sea Security Crisis," Arab Center, Washington, DC, February 27, 2024, <https://arabcenterdc.org/resource/the-uae-and-the-red-sea-security-crisis/>.



However, minilaterals are attractive to middle and small powers that have been especially frustrated by the reality of dysfunction in multilateral organizations. Recognizing this reality, Washington would be smart to use I2U2 as a means to accommodate regional partners and to show itself a team player in mutually beneficial, economically oriented, and consensus-driven ventures. I2U2 also gives Washington a chance to demonstrate its continued relevance on economic issues for a region in which Beijing has gained considerable influence over the past two decades.

One particular area for US focus within the I2U2 framework is the establishment of a Blue Economy Fund. Blue economy is an emerging concept for ocean governance that harnesses the economic potential of oceans in environmentally sustainable ways.<sup>39</sup> Washington's initiatives could be linked to India's SAGAR (Security and Growth for All in the Region, or ocean in Hindi) initiative, which New Delhi has championed since 2015.<sup>40</sup>

I2U2 also has room to grow. Assuming it continues to gain steam, the United States could consider expanding the group to include "S2," South Korea and Singapore, for example, because both have vibrant ties with each of the I2U2 members and offer other strengths, especially in the domains of technology and finance. Africa could be another region for I2U2 expansion, as the UAE has separately begun collaborating with India and Israel on developmental projects there.<sup>41</sup> The United States could consider joining them as a way of improving its presence and posture.

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<sup>39</sup> Gedaliah Afterman, Mohammed Baharoon, and N. Janardhan, "Is a Blue Economy the Future of Mideast-Asia Partnerships?" *Jerusalem Post*, August 3, 2022, [www.jpost.com/opinion/article-713873](http://www.jpost.com/opinion/article-713873).

<sup>40</sup> "Mr. Modi's Ocean View," *The Hindu* (India), November 16, 2021, [www.thehindu.com/opinion/editorial/Mr.-Modi%E2%80%99s-ocean-view/article59784372.ece](http://www.thehindu.com/opinion/editorial/Mr.-Modi%E2%80%99s-ocean-view/article59784372.ece).

<sup>41</sup> Dipanjan Roy Chaudhury, "India, UAE Join Hands to Launch Projects in Africa," *Economic Times* (India), August 22, 2022, <https://economictimes.indiatimes.com/news/india/india-uae-join-hands-to-launch-projects-in-africa/articleshow/93696268.cms?from=mdr>; and "UAE, Israel Join Hands in Multimillion-Dollar Project in Ghana," *Middle East Monitor*, June 22, 2022, [www.middleeastmonitor.com/20220622-uae-israel-join-hands-in-multimillion-dollar-project-in-ghana/](http://www.middleeastmonitor.com/20220622-uae-israel-join-hands-in-multimillion-dollar-project-in-ghana/).

