



## **Conversations on I2U2**

Conversations on I2U2 is an ongoing series of closed-door discussions hosted by the Ananta Centre in a virtual round-table format. This principle aim is to facilitate dialogue towards building a robust strategic and economic partnership between I2U2 members - India, Israel, UAE and the US. To this end, these roundtables bring together policymakers, experts and the academy from the group's constituent countries, along with other stakeholders

### **Roundtable One Connectivity and Strategic Partnership**

The pilot roundtable on Connectivity and Strategic Partnership was held on 6th September. This conversation brought together an eminent panel to discuss the convergence of interests among these nations to enhance connectivity and cooperation to drive benefits and regional stability.

#### **Key-Takeaways**

##### The Framework and Mechanism

- The I2U2 minilateral framework marks important shifts in the conduct of foreign policy for its current crop of members and potential future partner and member states.
- The I2U2 mechanism has not yet matured, being only two years in, and having yet to establish its pilot project. This will be the first step before the partnership can be expanded to other countries and regions.
- I2U2 exhibits border geopolitical ramifications even though its principal aims are economically oriented. It presents itself as a larger structural response to the rapidly changing geopolitical realities of the international order.
  - As such, it provides a competing or alternative method of bringing regional integration, opportunity, commercial growth and development to the Chinese

model in its operational areas.

- It also reflects a larger frustration with multilateral institutions, the effectiveness of which has diminished significantly.
- As and when I2U2 projects are formalised, there will be a need to institutionalise and formalise the collaboration and monitor the implementation aspects of the projects.

#### Significance of the I2U2 for constituting members

- The I2U2 is a reflection of the regional flux that is the immediate consequence of the Abraham Accords:
  - UAE sees value in minilateral vehicles as a new entrant into the multi-aligned foreign policy space and as bilaterals reach a saturation point. As a middle power, the UAE gets a seat on the global political stage at the I2U2.
  - The Accords also mark a significant shift in Israel's foreign policy conduct, however, challenges to the partnerships in the region might continue. A balancing of political disagreements with economic aims in the region will be important for Israel to engage current and future partners.
- It also reflects a shift in India's foreign policy conduct in the Middle East as it marks a divorce from the near-exclusive bilateral approach employed in the region. It indicated further, the desire to expand the Indian footprint in the region through collaborative projects.
- The I2U2 represents the restructuring in, but not the disengagement of, US involvement in the Middle East through these minilateral vehicles.

#### Expanding the I2U2



- Third-country cooperation is a major pillar of the I2U2 grouping. Saudi Arabia emerges as the natural partner and Africa exhibits clear interest in I2U2 projects such as food security and technology cooperation, that can help elevate current challenges in the continent.

#### Financing projects

- Blended financing, pension financing and even India EXIM Bank models can be used for the financing of I2U2 projects and this financing need not be restricted to the member countries. A thorough assessment of commercial viability for these projects will occupy the I2U2 and be in the benefit of the governments and the industry.
- To finance I2U2 projects, it is important that the private sector be protected with a comfortable safety net established by the governments in order to instil confidence in the projects.

#### Challenges to be addressed on the way forward

- As a pragmatic partnership and with the lack of an institutional framework, the I2U2 might lack the steam to power through. The group will require the ability to reinvent itself when necessary and come up with new projects for the group to be enduring. An additional challenge to its enduring capacity will be political change in constituent nations.
- Political uncertainty in the region, especially for new partners UAE and Israel might pose potential challenges to the economic ambitions of the group. Regional dynamics as I2U2 expands its footprint in the area might also be too complex for the group to navigate.
- Certain areas of cooperation between China and I2U2 members might pose challenges for projects in the security and strategic technology space. The UAE's adoption of the Huawei 5G communication technologies is one such area, as both the US and India have effectively banned Huawei and ZTE 5G telecommunication technology over data privacy



concerns. This puts a ceiling on the extent to which they can cooperate on these projects.

- The delivery issue will be critical for the I2U2. Fast delivery of projects can create credibility among government and private sector partners, as well as potential third-country partners in the future.
- The larger problem of the multilateral system of cooperation failing and the world tearing apart close relations with unilateralism only stitching the wound with a band-aid. There is a need to calibrate our approach to multilateralism, the replacement with unilateralism like the I2U2 cannot be seen as an alternative option to the conduct of international order. The I2U2, and unilateralism at large, is a Plan B for dealing with the larger issues of global governance. While these are positive and innovative vehicles, they leave questions of the stability of the international order in the balance.