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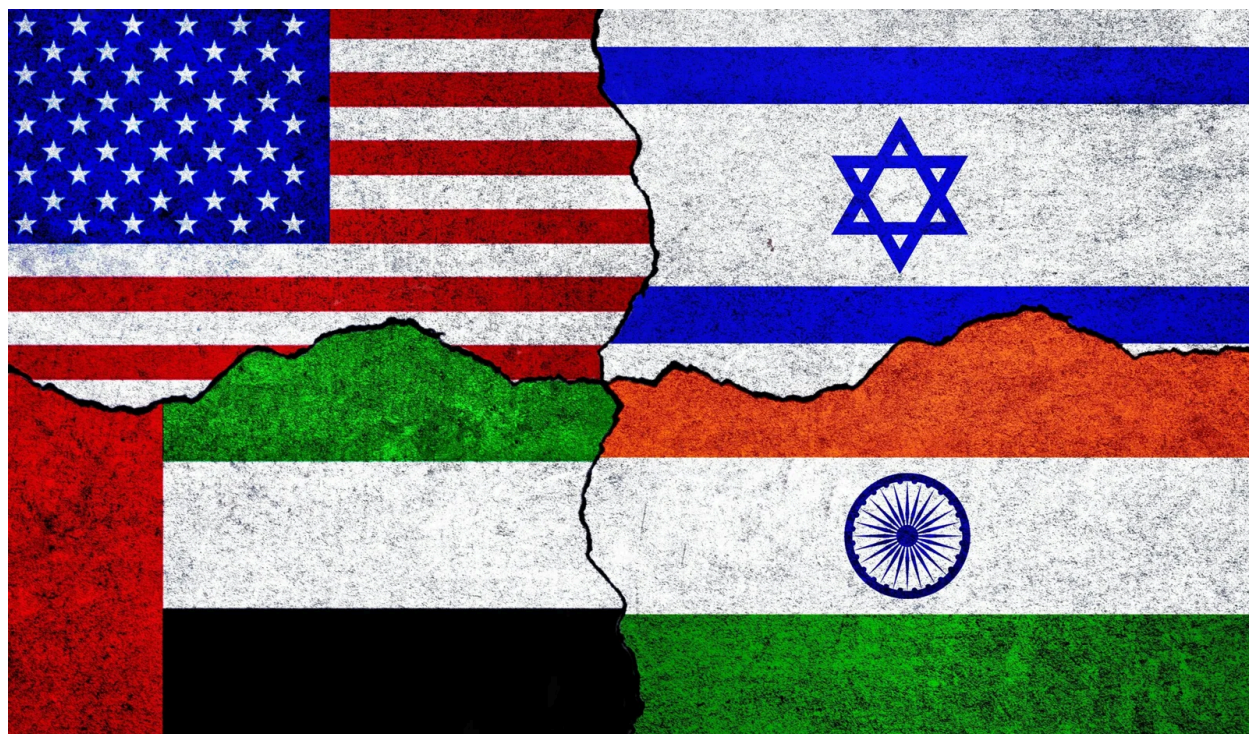
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I2U2: STRATEGIC PROSPECTS AND CHALLENGES AMID GEOPOLITICAL SHIFTS

Anil Wadhwa

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The I2U2 grouping comprising India, Israel, the UAE, and the United States has emerged as an essential economic and strategic initiative since its establishment in 2022. I2U2 represents a new form of international collaboration focusing explicitly on economic and technological cooperation while consciously avoiding security entanglements. I2U2 was officially launched at a leaders' summit in July 2022, following initial ministerial-level engagements dating back to October 2021. The Abraham Accords, which normalised relations between Israel and several Arab states beginning in 2020, served as the catalyst. These accords allowed unprecedented cooperation between Israel and the UAE, creating a conducive environment for wider regional economic integration. The future of the I2U2 depends on conflict in the Middle East and war in Gaza. It will be a while before Israel can focus and provide resources to this grouping. However, the UAE and India can work on projects jointly and have the capability to

do so. Even if the Trump administration remains lukewarm to the initiative, the two countries will have enough bandwidth, talent, expertise, and finances to carry these projects forward. In any case, the project concentration has been in India and the UAE.

Differing attitudes among I2U2 members towards external powers like China and Iran introduce further complexity for the grouping. The U.S. and India share concerns regarding China's expanding global influence, while Israel and the UAE maintain robust economic engagements with China...Meanwhile, Israel and the U.S. regard Tehran as a regional adversary, while India and the UAE pursue a more

balanced, pragmatic approach towards Iran

Worth noting that each of the four members approached I2U2 with distinct strategic rationales. The United States sought to recalibrate its Middle Eastern presence from military-centric engagements to economic and diplomatic ones, amid growing fatigue with prolonged military involvements. India saw the grouping as an opportunity to extend its strategic outreach westward, complementing its traditional East Asian focus and fostering deeper economic relationships with pivotal partners like the UAE and Israel. Israel, historically isolated regionally, welcomed I2U2 as a platform to strengthen its financial and diplomatic ties with South Asia and the Gulf. For the UAE, participating in this grouping aligned well with its national vision of becoming a global economic and technological hub.

Recent geopolitical tensions have significantly impacted the group's activities. The escalation of the Israel-Hamas conflict in Gaza has temporarily disrupted Israel's operational engagement in I2U2 projects. This disruption primarily affects Israel's essential contributions, particularly in advanced agricultural technologies and renewable energy solutions, forcing the remaining members to reconsider timelines and project structures. Nevertheless, India, the UAE, and the U.S. have reiterated their commitments to maintaining cooperation, seeking interim solutions and increased private sector involvement to sustain project momentum until Israel can resume its full participation.

SECTORAL IMPETUS

I2U2 is characterised by its strong practical focus on specific sectoral initiatives: food security, renewable energy, healthcare, water management, transportation, and emerging technologies. One of the most ambitious projects under I2U2 is India's UAE-funded \$2 billion integrated food park initiative. This project aims to significantly enhance food production and supply chain efficiencies using Israeli agricultural technologies and American logistical expertise. Despite the temporary pause in Israeli participation, the core objective remains robust, and plans continue for initial deployments in Gujarat and Madhya Pradesh. Future expansion is planned in other Indian states, including Telangana, Andhra Pradesh, and Maharashtra.

The operational pause stemming from the Israel-Hamas conflict has underscored I2U2's sensitivity to regional geopolitical developments. While the Abraham Accords enabled groundbreaking regional collaboration, longstanding

conflicts such as the Israel-Palestine issue remain potential flashpoints capable of affecting economic cooperation

Similarly, the renewable energy initiative in Gujarat, comprising a 300-megawatt hybrid solar-wind energy facility coupled with advanced battery storage solutions, faces delays due to Israel's reduced involvement. This initiative aims to harness renewable energy sources to provide sustainable and reliable power, contributing to India's clean energy goals and reducing carbon emissions. Israeli technological expertise was expected to enhance the project's innovative capacity and efficiency significantly. Current discussions among the remaining members focus on technological integration and financing, recalibrating the project's timeline and structure to ensure continued progress.

Additional projects, such as healthcare infrastructure improvements and advanced water management solutions leveraging Israeli water technologies, remain central to I2U2's future agenda. Furthermore, a joint satellite project focusing on climate risk assessment highlights the group's commitment to leveraging advanced technologies. This project was officially launched in September 2023, with collaborative efforts focusing on data sharing, technological integration, and application development. Additionally, a memorandum has been signed with the

US-UAE Business Council, the UAE-India Business Council, and the UAE-Israel Business Council to create a partnership encouraging investment and innovation across various initiatives, promoting awareness of I2U2 within business communities.

I2U2 stands in contrast to other regional frameworks such as the India-Middle East-Europe Economic Corridor (IMEC) and the Quadrilateral Security Dialogue (Quad). IMEC, launched at the 2023 G20 summit, emphasises infrastructure development to improve trade connectivity between Asia, the Arabian Gulf, and Europe. Meanwhile, the Quad, comprising India, Japan, Australia, and the United States, prioritises work on new and emerging technologies and the Malabar naval exercises in the Indo-Pacific, focusing on interoperability and strategic stability. Unlike IMEC and Quad, I2U2 uniquely targets cross-sectoral economic and technological partnerships.

The operational pause stemming from the Israel-Hamas conflict has underscored I2U2's sensitivity to regional geopolitical developments. While the Abraham Accords enabled groundbreaking regional collaboration, longstanding conflicts such as the Israel-Palestine issue remain potential flashpoints capable of affecting economic cooperation.

CROSS-CUTTING INTERESTS

Moreover, differing attitudes among I2U2 members towards external powers like China and Iran introduce further complexity. The U.S. and India share concerns regarding China's expanding global influence,

while Israel and the UAE maintain robust economic engagements with China. Consequently, the grouping has cautiously avoided positioning itself explicitly against China, emphasising constructive economic collaboration instead.

Iran similarly represents a nuanced challenge. Israel and the U.S. regard Tehran as a regional adversary, while India and the UAE pursue a more balanced, pragmatic approach towards Iran. Thus far, I2U2 has successfully compartmentalised these geopolitical divergences, focusing strictly on shared economic and developmental goals.

The central question for I2U2's future remains its capacity to evolve beyond project-specific cooperation into a more comprehensive strategic entity. Its informal structure currently provides necessary flexibility, allowing members to adapt quickly to changing geopolitical conditions. However, such flexibility may also pose vulnerabilities, as internal or external shocks, like the recent conflict involving Israel, can rapidly impact operational continuity.

Institutionalizing the grouping through permanent coordination mechanisms or a dedicated secretariat could bolster resilience, providing sustained project monitoring and accountability. Regular business forums and strengthened private sector engagement also offer pathways to institutional maturity and increased operational sustainability.

Expanding the group's agenda to include strategic dialogues on digital connectivity, regional security, and broader economic governance might further enhance its geopolitical weight. However, expanding

into sensitive political or security realms too rapidly could jeopardise the delicate internal cohesion underpinning the partnership. I2U2 represents a notable example of contemporary international collaboration, characterised by economic pragmatism and innovative cross-regional cooperation. Its foundational strength lies in leveraging complementary economic capabilities among diverse member states. The coming period will critically test I2U2's resilience and adaptability. Successful navigation of current challenges and effective implementation of flagship initiatives will be crucial in determining whether this innovative grouping can solidify its presence as a sustainable and strategic partnership.



Anil Wadhwa was a member of the India Foreign Service from 1979-2017 and has served as the Indian Ambassador to Italy, Thailand, Oman and Poland. As Secretary (East) in the Ministry of External Affairs of India, he oversaw relations with South East Asia, Gulf and West Asia, Pacific and Australasia. He has served as the Indian Ambassador and permanent Representative to FAO, IFAD, WFP, UNESCAP, and worked with the Organization for the Prohibition of Chemical Weapons (OPCW) in The Hague, heading the Government

Relations and Political Affairs and Media and Public Affairs Branches. He is currently a Distinguished Fellow with the Vivekananda International Foundation, New Delhi, and serves as an Independent Director and Advisor on the Boards of some corporate firms and organisations in India and abroad.