

U2I2 Group versus the New Silk Roads, Intersection and Conflict of Interests¹

The Abraham Accord sponsored by the United States was elaborated to integrate Israel into the regional order of the Arab region. This formed the basis on which the new U2I2 economic community was created. This group was established in October 2021, during a meeting that included the foreign ministers of the United States, Israel, and the UAE, with the aim of following up on the implementation of the Abraham Accords, which in September 2020 launched the process of normalizing relations between the UAE and Bahrain on the one hand, and Israel on the other hand.

India, which now has strategic relations with Israel, joined the group. Its accession raised many questions about its goals.

The Interests of the Parties of U2I2 Group

The four members of the U2I2 group are linked to a wide network of economic, strategic and security interests, and their outlook on many regional and international issues is consistent, most notably the issue of dealing with Islamic movements, despite the presence of differences on other issues, such as the difference in India's view of Iran compared to the rest of the group's members. The UAE and Israel do not share the hostile view of India and the United States towards China. India, the UAE, and Israel have bilaterally developed their relations with each other over the past years, which made it possible to establish a regional grouping that includes them under American auspices.

Indian-Israeli relations have developed since 2014, bringing the volume of trade exchange between them to more than \$ 4 billion at the end of 2016, compared to \$ 1 billion in 2000. The development of Indian-Israeli relations has included many areas such as research, development, and joint manufacturing in the defence, science, technology, trade, innovation, agriculture, health, communications, water and smart cities. However, the defence and security sector remains the most important in the development of relations between the two countries. Within few years, Israel has become one of the three most important arms exporters to India, as India imports about 45% of all weapons produced by Israel.

In terms of Indian-UAE relations, India's significant economic growth, which was accompanied by a parallel increase in its energy needs, gave a strategic dimension to its

¹ For the Arabic version, please click [here](#)

relations with the Gulf region. Energy and sea security have become fundamental issues in these relations, and India has worked to strengthen its relations with the Gulf states and build a strategic partnership with them to secure its needs of oil and gas necessary for its continued economic growth.

Currently, India is the third largest oil importer in the world and the Gulf region provides about 70 % of India's imported oil needs while Iran also accounts for a share.

Although India's relations with all Gulf countries witnessed development, they took special dimensions with the UAE, and the two countries signed a strategic partnership and cooperation agreement that included the fields of energy, investment, defence, and maritime navigation security. The volume of trade exchange between them reached \$57 billion in 2019. In February 2022, the two countries signed a comprehensive economic partnership agreement to increase trade exchange from its current level of \$60 billion to \$115 billion within five years.

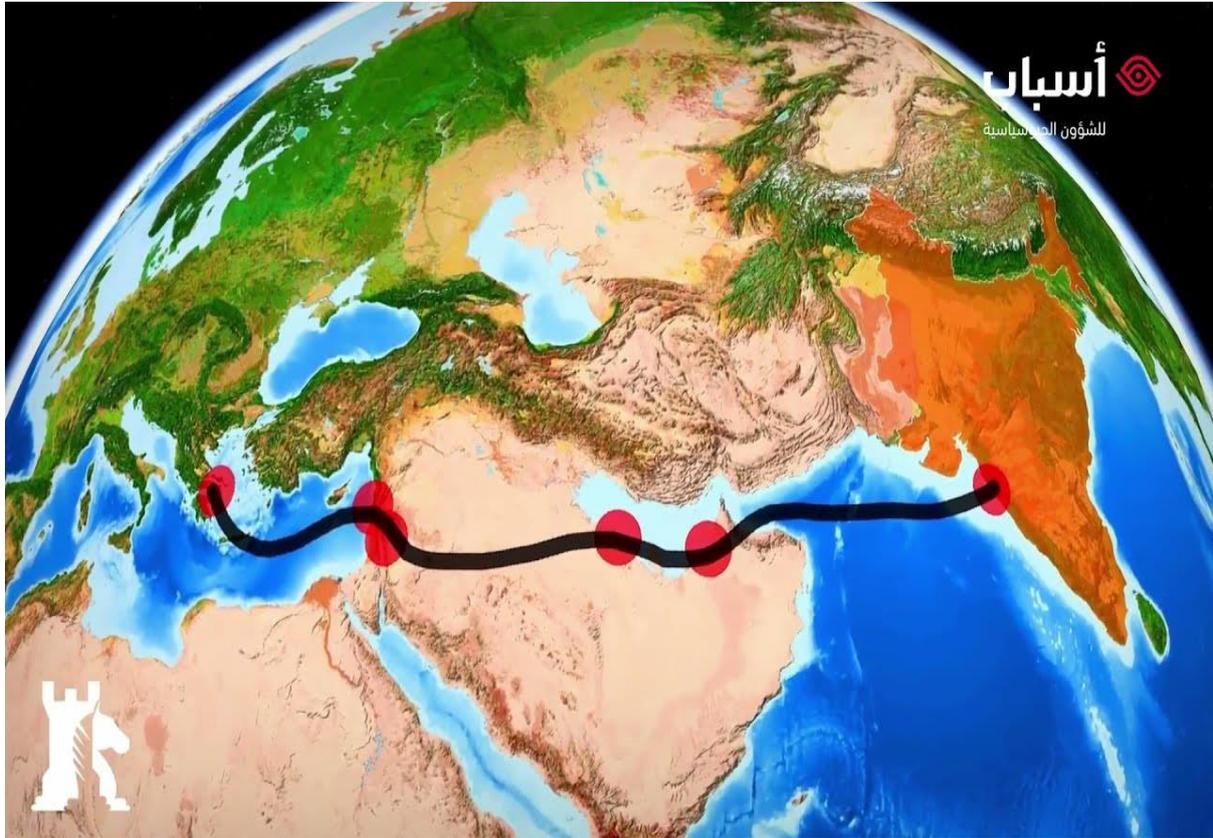
Emirati-Israeli relations developed remarkably after the signing of the Abraham Accords in 2020. In March 2021, the Advanced Technology Group in the defence sector in the Emirates (EDGE) signed a memorandum of understanding with the Israeli Aerospace Industries Company, in order to develop joint security and military production between the two countries, and build an advanced defence system against drones. Economically, the volume of trade exchange between the UAE and Israel increased from \$125 million in 2020 to \$700 million in 2021. In March 2022, the UAE announced the establishment of a \$10 billion fund to invest in strategic sectors in Israel, including energy, water, space, and healthcare and agricultural technology.

The Tripartite Consensus and the American Position

The Abraham Accords represented the basis for bringing together the three partners, India, the UAE, and Israel, within the framework of an Asian-Middle Eastern regional alliance sponsored by Washington. Once normalization between Israel and the UAE began, in 2020, the establishment of the International Federation of Indo-Israeli Chambers of Commerce was announced, and Dubai was chosen as its international headquarters. On February 14, 2021, the American Israel Public Affairs Committee (AIPAC) organized a virtual symposium entitled "India, Israel, and the Gulf: New Opportunities." Israel views Dubai as an important path to reach the large Indian market, as Dubai hosts about 500 Indian investment groups, as well as the headquarters of every Indian company operating in the Middle East region, in addition to 23 Indian banks having branches in the Dubai International Financial Centre. Accordingly, New Delhi believes that the presence of direct flights between Dubai and Tel Aviv helps in strengthening the relations of Indian companies with Israel. The three countries show great interest in developing their cooperation in the field of technology and artificial intelligence, in which Israel and India are highly advanced, while the UAE has the capital to invest in this sector.

Washington pushes for the cooperation with India in the Gulf to replace China, even if only partially. It aspires for the cooperation of the three countries to lead to the emergence and development of a defence-security dimension for this regional grouping that is useful in confronting China, not only on the defensive level, but also in the context of trade competition with it. Also, especially with the emergence of visions of linking Indian ports, such as Mumbai,

with ports in Greece via Jebel Ali Port in Dubai, and establishing a parallel railway line from the Emirates through Saudi Arabia and Jordan to reach the port of Haifa. Washington believes that it is interested in supporting such projects. These links means restructuring the global supply chains and international trade lines away from China and the Belt and Silk project. This is in line with the vision placed by the G7 countries in their meeting in June 2022, by providing about \$600 billion to finance infrastructure projects that compete with China's giant projects and limit its expansion.



The New Silk Roads and Growing Pressures

The new alliance has pushed China, Iran, Pakistan and Turkey to increase economic and security cooperation between them. Iran and China have signed a comprehensive strategic partnership, officially making Tehran part of the multi-billion-dollar Belt and Road Initiative.

In 2019, China opened the “New Silk Roads” summit, through which China aims to market the initiative that will make it a focus of global economic relations. The project is officially known as "The Belt and Road", and it is a Chinese initiative built on the ruins of the ancient Silk Road. It aims to connect China with the world by investing billions of dollars in infrastructure along the Silk Road, which connects it to the European continent. This project is projected to be the largest infrastructure project in human history. It includes building ports, roads, railways and industrial areas.

The ancient Silk Road dates back to the 2nd century BC, and the name refers to the network of land and sea roads that linked China and Europe through the Middle East, with a length exceeding ten thousand kilometres.

As for the new road, it is a giant Chinese project in which 123 countries participate, through which China wants to accelerate the access of its products to global markets, including Asia, Europe, Africa, and South and Central America.



China's attempts to revive the Silk Road began in the early 1990s, through what was known as the Eurasian land bridge linking China, Kazakhstan, Mongolia, and Russia, and reaching Germany via railways.

At the end of 2013, the Belt and Road Initiative was announced, and the first focus was on investment in infrastructure, railways and highways. The project covers 66 countries on three continents: Asia, Europe, and Africa, and is divided into three levels, including focal regions, expansion areas, and sub-regions.

The project includes two main branches: the land "Silk Road Economic Belt" and the maritime "Maritime Silk Road."

The Maritime Silk Road extends from the Chinese coast through Singapore and India towards the Mediterranean Sea. The land branch of the initiative includes six corridors:

- 1- The new Eurasian land bridge, which extends from western China to western Russia.
- 2- The China-Mongolia-Russia corridor, which extends from northern China to eastern Russia.
- 3- The China-Central Asia-West Asia corridor, which extends from western China to Turkey.
- 4- China Corridor - Indochina Peninsula, which extends from southern China to Singapore.
- 5- The China-Pakistan Corridor, which extends from south-western China to Pakistan.
- 6- The Bangladesh-China-India-Myanmar corridor, which extends from southern China to India.

Since the launch of the project, China has invested € 80 billion in multiple projects, and banks have also provided loans worth between € 175 and € 265 billion.

Russia and Pakistan were the most prominent countries supporting the project alongside Britain, Turkey and Greece. But amid the growing influence of China and Western doubts about its intentions, Europeans and Americans became increasingly concerned about it, and the only European exception was Italy, whose country joined the Chinese initiative, to be the first country from the G7 to take this step.

So far, 126 countries and 29 international organizations have signed cooperation agreements with Beijing within the framework of the project, but these agreements do not stipulate unconditional support for the Chinese project. Rather, some of them suggest cooperation in a third country or in the field of investment.

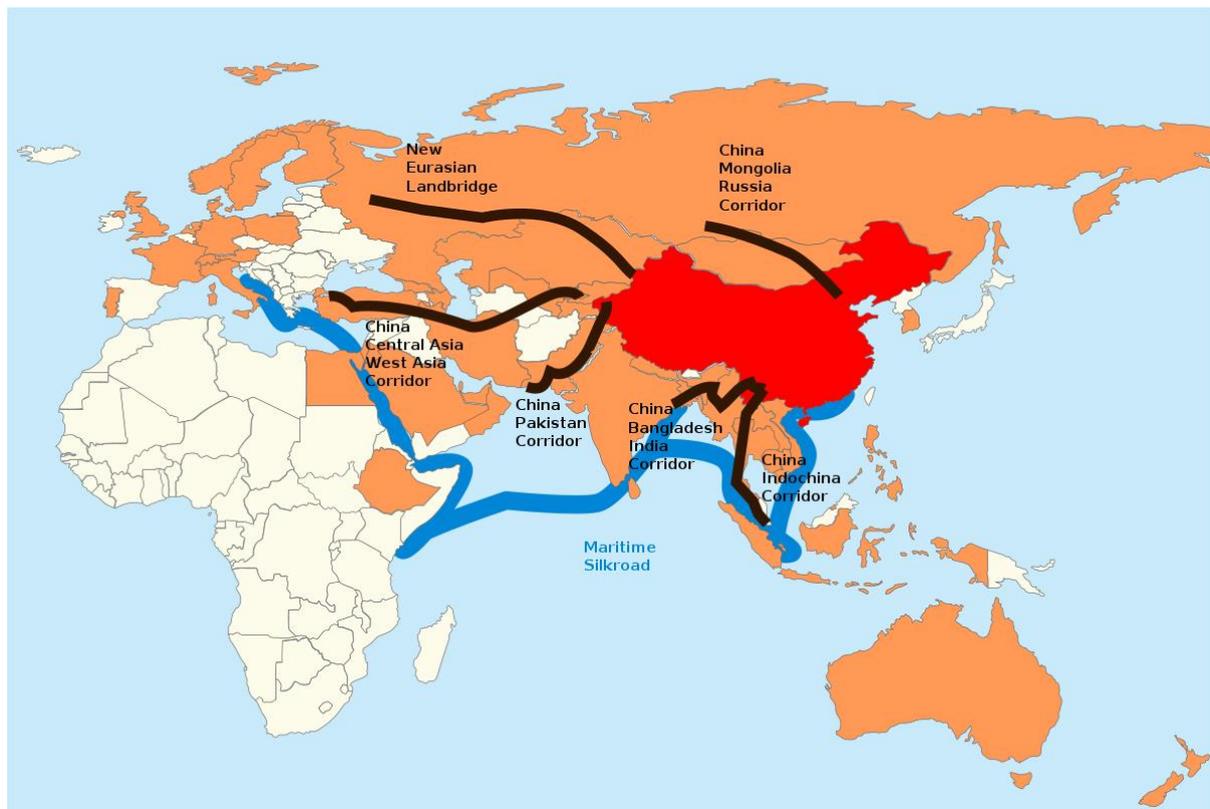
The railway connects China with Europe, connecting 62 Chinese cities with 51 European cities spread over 15 countries. These trains have made more than 14,691 trips since their launch in 2011. The Chinese railways are scheduled to connect Laos and Thailand. The total value of goods exchanged in both directions exceeded € 30 billion in 2018.

In Africa, and especially in Kenya, a railway called the “Silk Roads” connects the capital, Nairobi, to Mombasa, which contains the most prominent port in the country that is located on shores of the Indian Ocean. In Uganda, a modern 50 kilometer road to the international airport was done with Chinese money, and China sponsored the transformation of a small coastal city in Tanzania into a port that may become the largest port on the African continent.

In Pakistan, a series of infrastructure projects were built, including roads, railways, and energy production points, linking the southern coast of the country with the Chinese city of Kashgar (northwest). This project, called the “China-Pakistan Economic Corridor,” also includes the construction of highways, hydroelectric dams, and modifications to the port of Gwadar on the Arabian Sea. Through the project, Pakistan seeks to enhance its national growth, while China aims to secure a faster and safer route through this sea route for its oil imports from the Middle East.

China's surplus industrial production is one of the most important drivers behind the initiative. For example, China produces about 1.1 billion tons of steel annually, but it consumes only 800 million tons internally. Critics of the project believe that it works to strengthen the positions and influence of companies based mainly in China, and at the same time sets “debt traps” for

countries that benefit from loans granted by Chinese banks, but China confirms that the initiative includes a group of projects that serve the environment and are financially viable without corruption.



Reconstruction of the Port of Beirut

Lebanon is preparing to hold an international tender to reconstruct the port of Beirut, and has prepared a plan to activate its role through integration among Arab ports. In light of the changes and regional alliances, it is unfortunate and disappointing that the port of Beirut, which suffered massive destruction as a result of the explosion that it witnessed in 2020, is still gradually and slowly recovering.

Practical steps began to rebuild the sections that were still damaged. The work is undergoing between the Ministry of Public Works and the World Bank to secure financing for consulting companies to prepare books of terms for a global tender to award the reconstruction process.

The port is currently operating at a large capacity, and its monthly revenues have increased from \$400,000 to \$10 million, according to Ministry of Works. However, the goal is to fully operate the port and make optimal investment for every square meter in it.

The interest expressed by some countries after the explosion regarding the reconstruction of the port has not been translated into reality, as there are no serious proposals in this field, and although the port's revenues have increased and may allow for self-reconstruction, the matter requires companies to invest in it.

The reconstruction process is supposed to be accompanied by determining the role of the port, and whether it will remain for internal consumption or whether it will have a pivotal role after

the major geopolitical changes in the region. This role needs to be defined for the next 30 years by linking it to Arab ports, through a proposal submitted to the Council of Arab Ministers of Transport about studying the reality of Arab ports, their size, their absorptive capacity, and the possibility of their interconnection with each other.

The Port of Beirut will play a key role in activating the process of exploration and extraction of gas from the Lebanese offshore blocks. It was announced that land in the Beirut Port, with an area of 34 thousand square meters, would be allocated exclusively for logistical services for petroleum activities for oil and gas exploration.

Beirut's Port was one of the most prominent and important ports in the region due to its strategic location. Lebanon's ports can be a huge economic engine as a result of the expansion of the Lebanese waterfront. This depends on a specific plan and vision for the ports and their division between tourist, commercial, agricultural and others.

The port's losses as a result of the explosion were estimated at about \$350 million, including warehouses, buildings, and stored materials, noting that the World Bank estimated the total losses from the explosion that destroyed large parts of the Lebanese capital at about \$8 billion. The port includes 4 basins with a depth of up to 24 meters, in addition to 16 berths and a general shipping area consisting of 12 warehouses, and silos for storing wheat and grains that were considered a strategic reserve reservoir for wheat for the country before they were completely destroyed.

The value of the port and the spaces and facilities it contains, extending over an area of two million square metres, is currently estimated at about 10 billion dollars in the best cases, but if it is rehabilitated and transformed into an advanced commercial and tourist area with the participation of the private sector, its value will certainly rise. Hence, the importance of privatizing 49 % of the port in a transparent and controlled manner is a possible decision. This example also applies to the airport, the communications sector, the postal sector, the railway service and other public institutions.

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