



Delhi Policy Group

Advancing India's Rise as a Leading Power



DPG WEST ASIA REVIEW



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Delhi Policy Group

Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003

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ABOUT US

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DPG WEST ASIA REVIEW

DPG West Asia Review contains major developments in West Asia of strategic relevance to India, compiled from open source media. To subscribe please [click here](#).

Your comments and feedback can be addressed to Sanket Joshi at sanket@dpg.org.in.

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Abstract

The "I2U2 Group", comprising India, Israel, US, and UAE, held its first leaders' summit on July 15, expanding regional partnerships through joint investments and new initiatives on water, energy, transportation, space, health, food security, and technology. To this end, UAE will invest USD 2 billion to develop integrated food parks across India, while US and Israeli companies will lend their expertise toward the project's sustainability. The I2U2 group will also advance a renewable energy project in India's Gujarat state. Meanwhile, in the aftermath of the India-UAE Comprehensive Economic Partnership Agreement (CEPA), India's exports to the Emirates reportedly rose by 16.22 percent in May-June 2022 to USD 837.14 million. Exports to the UAE during the same period in 2021 stood at USD 720.31 million.

Amidst Western sanctions on Russia and Iran, the Reserve Bank of India (RBI) has announced a mechanism for international trade settlements in INR. This means the settlement of invoices pertaining to import and export between these countries in Indian rupees. It could also benefit India's neighbouring countries, such as Sri Lanka and those other countries willing to use Rupee as a base currency for trade settlements.

During President Biden's visit to the Middle East, US and Israel signed the "Jerusalem Declaration" on Strategic Partnership, wherein both sides "committed to never allow Iran to develop nuclear weapons and to use all elements of their national power in its prevention". However, in the aftermath of interventions in Afghanistan and Iraq, and the need to confront the China challenge in the Indo-Pacific, the US wants to avoid direct involvement in any new combat mission in the Middle East. Even as Israeli Prime Minister Yair Lapid insisted on putting a "credible military threat" in deterring Iran on the table, the use of force remains a "last resort option" for the Biden administration. As a compromise, Washington is pushing for an air-defence alliance between Israel and the Gulf States. Saudi Arabia rejected any such talks of Israel-Gulf defence alliance.

Iran slammed the "Jerusalem Declaration" as inciting regional tensions through Washington's "Iranophobia". Tehran continues to forge closer ties with Russia and China to counter the emerging US-led Middle East coalition. Amidst US claims of Iran's direct involvement in providing drones to Russia for use in Ukraine, President Vladimir Putin is scheduled to visit Tehran on July 19. Further, Iran

sanctioned 61 Americans, including former Secretary of State Mike Pompeo, for backing the Iranian dissident group, Mujahideen-e-Khalq.

In a significant sign of warming ties between Saudi Arabia and Israel, Riyadh opened its airspace to "all air carriers", meeting the country's requirements of overflying. The transfer of strategically important 'Tiran Island' in the Red Sea from Egypt to Saudi Arabia with the understanding of Israel further underscores the same. Meanwhile, Saudi Arabia rejected that opening its air space was a precursor to normalising relations with Israel. Riyadh's leadership role in the Islamic world and a lack of resolution to the Palestinian issue means normalisation between Saudi Arabia and Israel will be a "long and cautious process".

Addressing the GCC+3 (Jordan, Iraq, Egypt) Summit in Saudi Arabia, President Biden attempted to reassert American influence in the region while underscoring that the US does not want to leave a power vacuum that China, Russia, and Iran could exploit. Notwithstanding this, Iran, Saudi Arabia, Egypt, and Turkey continue to forge close ties with China and Russia, with an interest in joining 'BRICS'.

On the energy front, even in the aftermath of President Biden's meeting with Saudi Crown Prince Mohammed bin Salman, US officials do not expect an immediate boost in crude output. Crude prices continue to hover around USD 100/barrel. Saudi Arabia, on its part, warned Washington that "adopting unrealistic policies to reduce emissions by excluding main sources of energy will lead to unprecedented inflation, increase in energy prices, rising unemployment, and a worsening of social and security problems".

Links to major developments in West Asia of strategic relevance to India, compiled from open-source media, can be found below.

Bahrain

[The United States Strengthens Cooperation with Middle East Partners to Address 21st Century Challenges](#)

July 16, 2022, The White House

At the GCC+3 Summit, President Biden reiterated the importance the United States places on its decades-long strategic partnerships in the Middle East, affirmed the United States' enduring commitment to the security and territorial defence of U.S. partners, and recognized the region's increasingly important role as a trade and technology crossroads between hemispheres.

[Israel Sells Drones, Anti-Drone System to Bahrain](#)

July 13, 2022, Middle East Monitor

Reports pointed toward Bahrain purchasing drones and anti-drone systems from Israel. Mossad and Shin Bet, have also begun to train Bahraini intelligence officers.

Egypt

[El-Sisi, Biden Renew Commitment to Egypt-US Strategic Dialogue](#)

July 17, 2022, Arab News

The Egyptian and US Presidents reiterated, in the Saudi city of Jeddah, their commitment to the strategic dialogue that is co-chaired by Egypt's foreign minister and his American counterpart.

[Why Does Saudi Arabia Want the Red Sea Islands of Tiran and Sanafir Currently Under the Sovereignty of Egypt?](#)

July 16, 2022, AL Jazeera

A multinational peacekeeping force will leave a strategic Red Sea Island by the end of the year, the US says, potentially boosting opportunities for future contact between Saudi Arabia and Israel.

Iraq

[US President Biden Meets Iraqi PM, Agrees to Strengthen Coordination on ISIS Issue](#)

July 16, 2022, AL Arabiya

During the meeting, President Biden and PM al-Kadhimi agreed on strengthening security and military institutions in Iraq and voiced the importance of combating corruption and supporting Iraq's economy.

[Saudi Crown Prince Reportedly Countered Jamal Khashoggi's Death with America's Abu Ghraib Atrocity in Iraq](#)

July 16, 2022, The New York Post

Saudi Arabia's de facto leader, Mohammed bin Salman, rebuked President Biden over the brutal abuse at the Abu Ghraib prison camp in 2004 in response to the President's mention of Jamal Khashoggi, the Saudi journalist murdered in 2018, a Saudi official said.

[Ukraine War Shows West's Dominance is Ending as China Rises, Former British PM Blair Says](#)

July 17, 2022, Middle East Monitor

The Ukraine war shows that the West's dominance is coming to an end as China rises to superpower status in partnership with Russia at one of the most significant inflexion points in centuries, former British Prime Minister Tony Blair said.

Iran

[Rupee Settlement Will Help India Trade with Russia, Iran and South Asian Neighbours](#)

July 12, 2022, Reuters

The Indian central bank's decision to let importers pay with rupees and exporters be paid in rupees is likely to make trade easier with Russia and South Asian neighbours and will help a long-term goal to internationalise the Indian Rupee.

[1st Russian Rail Transit Cargo to India Arrives in Iran](#)

July 13, 2022, The Economic Times

Marking the official launch of the eastern section of the North-South railway corridor, the first rail transit cargo from Russia to India entered Iran through the Sarakhs border crossing.

['Iranophobia': Day After Biden Trip, Iran Says US Stoking Tension](#)

July 17, 2022, AL Jazeera

Iran has accused the United States of trying to incite tensions across the Middle East through "Iranophobia", the charge came a day after Joe Biden ended his first tour of the Middle East as US President.

[Russian President Putin to Meet Ayatollah Khamenei in Tehran](#)

July 16, 2022, Tehran Times

Kremlin spokesman Dmitry Peskov announced that on July 19 President Putin would make a visit to Tehran where he would meet with the Iranian and Turkish Presidents.

[US Doubles Down on Claim That Iran Wants to Sell Drones To Russia](#)

July 16, 2022, AL Jazeera

The United States has doubled down on its claim that Iran is planning to sell "hundreds" of drones to Russia to be used in Ukraine, a day after Tehran explicitly rejected the allegation.

[Iran Sanctions 61 More Americans as Nuclear Talks Hit Impasse](#)

July 17, 2022, Reuters

Iran has imposed sanctions on 61 more Americans, including former Secretary of State Mike Pompeo, for backing an Iranian dissident group, Mujahideen-e-Khalq,

Tehran said as months of talks to revive a 2015 nuclear deal remained at an impasse.

[For Iran, China, and Russia, John Bolton's Coup Confession No Surprise](#)

July 15, 2022, Press TV (Iran)

Iranian Foreign Ministry stressed that "Bolton's boasting about his role in attempted coups around the world made no one surprised," noting that "nefarious activities of a notorious government" were an "open secret" that was "made public."

Israel

[Joint Statement of the Leaders of India, Israel, United Arab Emirates, and the United States \(I2U2\)](#)

July 14, 2022, The White House

"I2U2" Group aims to harness the vibrancy of our societies and entrepreneurial spirit to tackle some of the greatest challenges confronting the world, with a particular focus on joint investments and new initiatives in water, energy, transportation, space, health, and food security.

[Israel Sells Haifa Port to India's Adani Ports, Israel's Gadot for \\$1.2 bn](#)

July 14, 2022, Reuters

Israel said it will sell Haifa Port, a major trade hub on its Mediterranean coast, to winning bidders Adani Ports of India and local chemicals and logistics group Gadot for 4.1 billion shekels (\$1.18 billion).

[President Biden: Diplomacy Best to Stop Iran Nuclear Ambitions as Israel Pushes Military Option](#)

July 14, 2022, Voice of America

U.S. President Joe Biden and Israeli acting Prime Minister Yair Lapid publicly differed on the best approach to counter the threat of Iran's nuclear weapons program, as the two leaders signed Jerusalem Declaration that reiterates the U.S. commitment to strengthen Israel's ability to defend itself and confront Iran's "aggression and destabilizing activities."

[US-Israeli Puppet Show Will Further Boost Iran's Determination: FM Amir-Abdollahian](#)

July 15, 2022, Press TV (Iran)

Iranian Foreign Minister Hossein Amir-Abdollahian says the Islamic Republic is now more determined to defend its "inalienable" rights after a recent anti-Iran "puppet show" featuring US President Joe Biden and Israeli prime minister Yair Lapid in the Israeli-occupied territories.

[Joe Biden: 'Ground Not Ripe' to Restart Israeli-Palestinian Talks](#)

July 15, 2022, Deutsche Welle

US President Biden said efforts to secure a two-state solution must continue despite appearing far off. Palestinian President Abbas said there was a narrowing window to resolve the Israeli-Palestinian conflict.

[UN Warns of Losing Two-State Solution Opportunity](#)

July 16, 2022, Middle East Monitor

Farhan Haq, deputy spokesperson for United Nations (UN) Secretary-General Antonio Guterres, warned of the possibility of losing the opportunity of the two-state solution.

Jordan

[US Announces \\$1.45 Billion Annual Aid for Jordan for Next Five Years](#)

July 16, 2022, The National News

The US will provide \$1.45 billion of annual aid to Jordan for five years starting next year, the White House announced.

Kuwait

[2,000 Indian Nurses Expected in Kuwait Soon](#)

July 15, 2022, Gulf News

Around 2,000 Indian nurses are expected to arrive in Kuwait within two months, a Kuwaiti newspaper has reported quoting Indian Ambassador.

Lebanon

[Status of Israel-Lebanon Maritime Negotiations](#)

July 15, 2022, US Department of State

The United States remains committed to facilitating negotiations between Lebanon and Israel to reach a decision on the delimitation of the maritime boundary. Progress towards a resolution can only be reached through negotiations between the parties.

Oman

[US President Praises Oman, Saudi Arabia for Peace Efforts in Yemen](#)

July 16, 2022, Times of Oman

During his speech at the Jeddah Summit, the US President praised the role of the Sultanate of Oman and the Kingdom of Saudi Arabia in providing political solution in Yemen.

Qatar

[Qatar's Amir Slams Israel's 'Politics of Force' During GCC Summit with President Biden](#)

July 16, 2022, Doha News

Tensions and instability in the Middle East will continue as long as Israel's violations of international law in Palestine persist, Qatar's Amir Sheikh Tamim bin Hamad Al Thani said.

Saudi Arabia

[Saudi Arabia to Open Airspace to All Airlines, Including from Israel](#)

July 15, 2022, Reuters

Saudi Arabia said it would open its airspace to all air carriers, paving the way for more overflights to and from Israel, in a decision welcomed by U.S. President Joe Biden.

[Remarks by President Biden at the GCC + 3 Summit Meeting](#)

July 16, 2022, The White House

President Biden addressed the GCC+3 Summit and assured Gulf countries that the United States is invested in building a positive future in the region, in partnership with the regional countries, and the United States is not going anywhere.

[The Jeddah Communique: A Joint Statement Between the United States of America and the Kingdom of Saudi Arabia](#)

July 15, 2022, The White House

The two sides issued this communique outlining the strategic partnership between the Kingdom of Saudi Arabia and the United States over the coming decades with the aim of advancing their mutual interests and advancing a common vision for a more peaceful, secure, prosperous, and stable Middle East.

[US 'Will Not Walk Away' from Middle East: President Biden at Saudi Summit](#)

July 16, 2022, AL Jazeera

The United States "will not walk away" from the Middle East and leave a vacuum to be filled by Russia, China or Iran, US President Joe Biden has told a summit in Saudi Arabia's Red Sea city of Jeddah.

[Saudi Arabia's Ties to The U.S. and China Are Not Mutually Exclusive, Minister Says](#)

July 16, 2022, CNBC

Saudi Arabia will continue to strengthen its relationships with both the U.S. and China, one of the kingdom's top diplomats said as President Biden visited the Middle East.

[BRICS Expects Egypt, Saudi Arabia, and Turkey to Join Group Soon](#)

July 14, 2022, Middle East Monitor

The President of the BRICS International Forum expects Turkey, Egypt and Saudi Arabia to join the group "very soon".

[Saudi Foreign Minister: Not Aware of Any Discussions on Gulf-Israel Defence Alliance](#)

July 16, 2022, Reuters

Saudi Arabia's foreign minister said he was not aware of any discussions on a Gulf-Israeli defence alliance and that the kingdom was not involved in such talks.

[Oil rises 2 Percent as No Immediate Saudi Output Boost Expected](#)

July 15, 2022, Reuters

Oil gained 2.5 percent on Friday (July 15) after a U.S. official said that an immediate Saudi oil output boost was not expected and as investors question whether OPEC has the room to significantly ramp up crude production.

[Saudi Arabia: No Additional Capacity to Increase Oil Production Beyond 13 Million Barrels Per Day](#)

July 16, 2022, The National News

Saudi Arabia will not have any additional capacity to increase oil production beyond 13 million barrels per day, Crown Prince Mohammed bin Salman said during his address to the US-Arab summit in Jeddah.

Syria

[US Assassinate ISIS Leader in Syria - CENTCOM](#)

July 12, 2022, The Jerusalem Post

The US assassinated the leader of ISIS in Syria, Maher al-Agal, in an airstrike, the US Central Command (CENTCOM) announced.

[Syrian Kurds Urge Russia, Iran to Prevent Turkish Attack](#)

July 15, 2022, AL Arabiya

The commander of US-backed Kurdish forces in Syria urged Russia and Iran to prevent Turkey from launching a new attack in the country's north, days before an expected Syria summit.

Türkiye

[Turkey Announces Deal with Ukraine, Russia, and UN Aimed at Resuming Grain Exports](#)

July 14, 2022, The Guardian

Turkey has announced a deal with Ukraine, Russia and the UN aimed at resuming Ukrainian grain exports blocked by Russia, raising prospects for an end to a standoff that has exposed millions to the risk of starvation.

[US House Sets Roadblock for Biden's Plan to Sell F-16 Jets to Turkey](#)

July 15, 2022, Daily Sabah

The U.S. House of Representatives approved legislation that would create a new hurdle for President Joe Biden's plan to sell F-16 fighter jets to Turkey.

UAE

[I2U2 Summit: UAE To Invest \\$2 Billion To Develop Integrated Food Parks Across India](#)

July 14, 2022, The Indian Express

The United Arab Emirates announced an investment of USD 2 billion to develop a series of integrated food parks across India as part of efforts by the four-nation grouping I2U2 (India-Israel-UAE-USA) to help tackle food insecurity in South Asia and the Middle East.

[India's Exports up 16.22 Percent During May-June to UAE After FTA Implementation](#)

July 15, 2022, The Economic Times

After the implementation of a free trade agreement, India's exports to the UAE rose by 16.22 per cent to \$837.14 million during May-June this year. Exports during the same period of the previous year stood at \$720.31 million.

[Pandemic Impact: US Pips UAE to Become Top Source of Remittances for India](#)

July 18, 2022, The Times of India

Since Covid, the composition of remittances has changed, and India's linkages to the US economy have increased. According to RBI, the US accounted for 23 percent of India's total remittances surpassing the Gulf.

Yemen

[Yemen's Iran-backed Houthis Say They Will Not Extend Truce Despite Saudi Pledge](#)

July 17, 2022, AL Arabiya

Yemen's Iran-backed Houthi militia, slamming US President Biden's visit to Saudi Arabia, said they would not agree to extend a truce in the seven-year war.

[Yemen's Ansarullah \(Houthis\) Warn Arabs of Disastrous Consequences of Biden Visit](#)

July 16, 2022, Press TV (Iran)

The Houthis "strongly condemned the American President's visit to the Israeli-occupied territories and Saudi Arabia. The purpose of this trip is to serve Washington and Tel Aviv at the expense of regional security and stability,"



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