



## DP World, Adani and Port Politics

Maritime Logistics as a Lens to Understand  
India's Ties with the Middle East

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Albert Vidal

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# India-Middle East Relations

## Opportunities and Challenges

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With the United States shifting its security focus from the Middle East to the Asia-Pacific, other major powers are seen as potential players that might fill the void in Middle East security. The fact that India is one such player is further manifested in the recently announced India-Middle East-Europe Economic Corridor.

This series of *Insights* seeks to unravel the evolutionary paths that the growing multifaceted connections between India and the Middle East might take and the challenges arising. India's relationship with Israel, especially under the purview of the I2U2 partnership, which also includes the United Arab Emirates and the United States, has in particular generated much curiosity among observers. India's longstanding economic ties with the GCC countries, along with its ties with Iraq and Iran, have added to the strategic significance of the Middle East for India and given it strong reasons for a greater role in the Middle East.

Cover image: Chennai Container Terminal, India, one of the ports operated by DP World. Photo by Raguleo, under Creative Commons licence CC BY 3.0 DEED, [https://commons.wikimedia.org/wiki/File:Chennai\\_Container\\_Terminal\\_-\\_panoramio\\_%283%29.jpg](https://commons.wikimedia.org/wiki/File:Chennai_Container_Terminal_-_panoramio_%283%29.jpg)

# DP World, Adani and Port Politics

## Maritime Logistics as a Lens to Understand India's Ties with the Middle East

Albert Vidal\*

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Ports are not just critical infrastructure but also serve as economic gateways and have geopolitical implications. This paper explores relations between India and its Middle East partners from a ports and maritime logistics perspective, highlighting the potential for a shared and interconnected future that is rich in synergies. Middle Eastern partners, utilising their strengths as hydrocarbon producers, major logistics players and managers of large sovereign wealth funds, could address the bottlenecks hindering India's growth while in turn benefitting from food security and ample returns on investment in a stable client with a colossal domestic market.

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**I**n 2015, the Indian navy unveiled an updated maritime strategy that signalled its desire to play a greater role in the Middle East region. The strategy identified the Persian Gulf, Arabian Sea, Gulf of Aden, and Red Sea as primary areas of interest for India's maritime security,

with the Mediterranean designated as a secondary area.<sup>1</sup> India's efforts to secure access to the French base in Djibouti, its participation in joint naval exercises with Egypt, Saudi Arabia and the UAE, and its recent participation in the US-led multinational Combined Maritime Forces all reflect India's evolving approach to the region.<sup>2</sup> India's growing interest in the region's maritime security is a logical extension of its increasing economic interests and trade ties with its Middle Eastern partners. Such trade relies heavily on the region's ports owing to a lack of viable land routes.

**“India's growing interest in the maritime security of the Middle Eastern region is a logical extension of its increasing economic interests and trade ties with its partners in the region.”**

All this is happening against the backdrop of an Indian economy that has grown at an average rate of 6.2% during the past 10 years<sup>3</sup> and the expansion of Gulf-based port operators. Since 2017, for example, the UAE's largest port operator's total assets increased from US\$23 billion to US\$47 billion.<sup>4</sup> Trade ties between India and the UAE, which is New

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<sup>1</sup> Darshana M. Baruah, "India's Evolving Maritime Strategy", *The Diplomat*, 3 December 2015, <https://thediplomat.com/2015/12/indias-evolving-maritime-strategy/>.

<sup>2</sup> Mohammed Abu Zaid, "Cairo Announces Egyptian-Indian Naval Exercises in the Mediterranean", *Arab News*, 12 September 2021, <https://www.arabnews.com/node/1927396/middle-east>; Dinakar Peri, "Navy Seeks Access to French Base in Djibouti for Refuelling", *The Hindu*, 19 April 2019, <https://www.thehindu.com/news/national/navy-seeks-access-to-french-base-in-djibouti-for-refuelling/article26881399.ece>; Dinakar Peri, "India Begins Cooperation with Bahrain-Based Combined Maritime Forces", *The Hindu*, 8 August 2022, <https://www.thehindu.com/news/national/india-begins-cooperation-with-bahrain-based-combined-maritime-forces/article65741512.ece>.

<sup>3</sup> Trading Economics, "India Fiscal Year GDP Growth", <https://tradingeconomics.com/india/full-year-gdp-growth>.

<sup>4</sup> DP World, "Annual Report and Accounts, 2017", <https://www.dpworld.com/-/media/project/dpwwg/dpwwg-tenant/corporate/global/media-files/investor->

Delhi's third largest trading partner, have flourished since the signing of the Comprehensive Economic Partnership Agreement. Total bilateral trade was projected to rise from US\$73 billion in the fiscal year 2021–2022 to US\$88 billion the following fiscal year.<sup>5</sup> Some of the key players sustaining those commercial exchanges are major port operators and large corporate conglomerates, including the UAE's DP World and AD Ports Group, as well as the Indian companies Adani and India Ports Global Limited. More recently, new actors are coming on the scene, such as Saudi Arabia's RSGT and Qatar's QTerminals.

“A ports and maritime logistics perspective is highly relevant [to examining bilateral ties], given the critical role of ports in a country's infrastructure and their deep connection to political and economic dynamics.”

The role of India in the Middle East has often been overshadowed by the United States and China in media and scholarly coverage, making India an understudied actor in the region. This paper aims to contribute to the small but growing subset of literature on India–Middle East relations, taking a unique approach by analysing those relations from a ports and maritime logistics perspective. This approach is highly relevant to their ties, given the critical role of ports in a country's infrastructure and their deep connection to political and economic dynamics.

For instance, India's investment in the Iranian port of Chabahar and Israel's port of Haifa is inseparable from broader strategic

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[relations/financials-and-presentation/financial-reports/annual-results/2017/dp-world-annual-report-2017.pdf?rev=7bf3758fff44e49bfc69b3300ab14f7](#); DP World, “Annual Report and Accounts, 2022”, 2022, <https://www.dpworld.com/-/media/project/dpwg/dpwg-tenant/corporate/global/media-files/annual-report-2022/full-report-2022.pdf?rev=a7cbe818771244e7a43dd5f8324a077b>.

<sup>5</sup> *ET EnergyWorld*, “India-UAE Bilateral Trade to Surpass USD 88 Billion This Year”, 23 November 2022, <https://energy.economictimes.indiatimes.com/news/oil-and-gas/india-uae-bilateral-trade-to-surpass-usd-88-billion-this-year/95706582>.

considerations such as promoting the International North-South Transport Corridor and forging closer ties with Israel as part of the I2U2 alliance. Additionally, the UAE's extensive port investments in India have made it a key actor for India's long-term economic success, while also making India a crucial food security partner for the UAE.

The first section of the article examines the UAE-India relationship, given the former's dominant role in the maritime logistics sector across the region. The activities of two major Emirati port operators, DP World and AD Ports, are analysed in detail. The second section investigates India's ties with its other major Middle Eastern partners such as Saudi Arabia, Qatar, Iran, Oman, Egypt and Israel, with a focus on ports and maritime logistics. The last section explores the potential consequences of a recent scandal involving Adani and its impact on India's geopolitical standing in the Middle East.

## The UAE's Strategic Investments in India's Ports and Logistics

DP World, one of the world's largest port operators, is the main Middle Eastern corporate player in India's maritime logistics sector (see Figure 1). Since 1997, DP World has been operating container terminals in India and as of early 2021 handled almost 30% of the country's export-import volumes through its six terminals, which have a combined capacity of 6 million TEU.<sup>6</sup> A wholly-owned subsidiary of DP World, Hindustan Ports Private Limited (HPPL), manages its terminals and has achieved notable successes recently. In 2021, DP World signed a memorandum of understanding with the government of Tamil Nadu to invest US\$270

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<sup>6</sup> DP World, "Investor Presentation, April 2021", April 2021, [https://www.dpworld.com/-/media/project/dpwg/dpwg-tenant/corporate/global/media-files/investor-relations/financials-and-presentation/investor-presentations/2021/dp-world\\_investor-presentation\\_apr-2021-v2.pdf?rev=f0f8e8e9fcae42558ab7ad659b8ef3b6](https://www.dpworld.com/-/media/project/dpwg/dpwg-tenant/corporate/global/media-files/investor-relations/financials-and-presentation/investor-presentations/2021/dp-world_investor-presentation_apr-2021-v2.pdf?rev=f0f8e8e9fcae42558ab7ad659b8ef3b6); *The Maritime Executive*, "DP World to Develop Mega-Container Terminal in Northwest India", 23 February 2022, <https://maritime-executive.com/article/dp-world-to-develop-mega-container-terminal-in-northwest-india>.

million in a new container terminal.<sup>7</sup> The Emirati conglomerate also won, in 2023, a concession to develop and operate a mega-container terminal at Tuna Tekra in Gujarat state, with a capacity of 2.2 million TEU.<sup>8</sup>

**“DP World is one of the biggest rail operators in India ... [it also] boasts one of India’s most extensive logistics networks.”**

In addition, DP World has partnered with India’s sovereign wealth fund, National Investment and Infrastructure Fund (NIIF), to accelerate its investments in India’s ports and logistics sector. In 2018, the two entities established Hindustan Infralog Private Limited (HIPL), a platform to invest up to US\$3 billion in logistics in India.<sup>9</sup> Within two months, HIPL bought Continental Warehousing Corporation, a major multimodal logistics company, for US\$400 million.<sup>10</sup> Since then, DP World has made substantial investments in India, developing a large logistics network that includes seven multimodal inland terminals, six cold storage facilities, seven container freight stations, and numerous warehouses, most of which are connected to DP World’s rail network.<sup>11</sup>

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<sup>7</sup> *Port Technology International* “DP World to Develop Tamil Nadu Container Terminal”, 14 September 2021, <https://www.porttechnology.org/news/dp-world-to-develop-container-tamil-nadu-terminal/>.

<sup>8</sup> *Khaleej Times*, “DP World Wins Bid for Development of a Mega-Container Terminal at Deendayal Port”, 23 February 2022, <https://www.khaleejtimes.com/business/dp-world-its-bid-for-development-of-a-mega-container-terminal-at-deendayal-port>.

<sup>9</sup> DP World holds 65% of HIPL and NIIF holds 35%. See *Deccan Chronicle*, “DP World, NIIF to Invest \$3 Billion in Ports and Logistics”, 22 January 2018, <https://www.deccanchronicle.com/business/in-other-news/230118/dp-world-niif-to-invest-3-billion-in-ports-and-logistics.html>.

<sup>10</sup> HIPL’s first investment was to acquire a US\$400m controlling stake in Continental Warehousing Corporation, a leading multimodal logistics company with a pan-India presence. See *Maritime Insight*, “HIPL Acquires 90% Stake of Continental Warehousing Corporation in India”, 20 March 2018, <https://www.maritimeinsight.com/shipping-news/hipl-acquires-90-stake-of-continental-warehousing-corporation-in-india/>.

<sup>11</sup> The Maritime Executive, “DP World to Develop Mega-Container Terminal in Northwest India”.

Not surprisingly, DP World is also one of the biggest rail operators in India, with seven inland rail terminals and 30 container trains connecting it to major cities across the country.<sup>12</sup>

DP World boasts one of India's most extensive logistics networks, which includes three economic zones currently under development in Mumbai, Chennai and Cochin, in addition to the other facilities mentioned above.<sup>13</sup> The partnership with NIIF has been fruitful, with a deal signed in July 2022 for NIIF to acquire a 22.5% stake in HPPL for US\$300 million, providing additional liquidity to further accelerate DP World's investments in Indian ports and logistics.<sup>14</sup>

**“DP World has also leveraged its vast network of ports and marine services to connect the Indian market to other rapidly growing markets in Africa and the Middle East.”**

Beyond providing greater connectivity to the Indian domestic market, the Emirati conglomerate has also leveraged its vast network of ports and marine services to connect the Indian market to other rapidly growing markets in Africa and the Middle East (Figure 2). This was particularly facilitated after DP World acquired several business units of the Indian company Transworld, which offers feeder services across the Indian Ocean.<sup>15</sup> DP World's investments in logistics infrastructure such as cold storage facilities, warehouses and transportation aim to enhance

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<sup>12</sup> *Journal of Commerce*, “DP World Eyes Indian Rail Logistics Expansion”, 19 August 2016, [https://joc.com/article/dp-world-eyes-indian-rail-logistics-expansion\\_20160819.html](https://joc.com/article/dp-world-eyes-indian-rail-logistics-expansion_20160819.html).

<sup>13</sup> DP World, “Investor Presentation December 2022”.

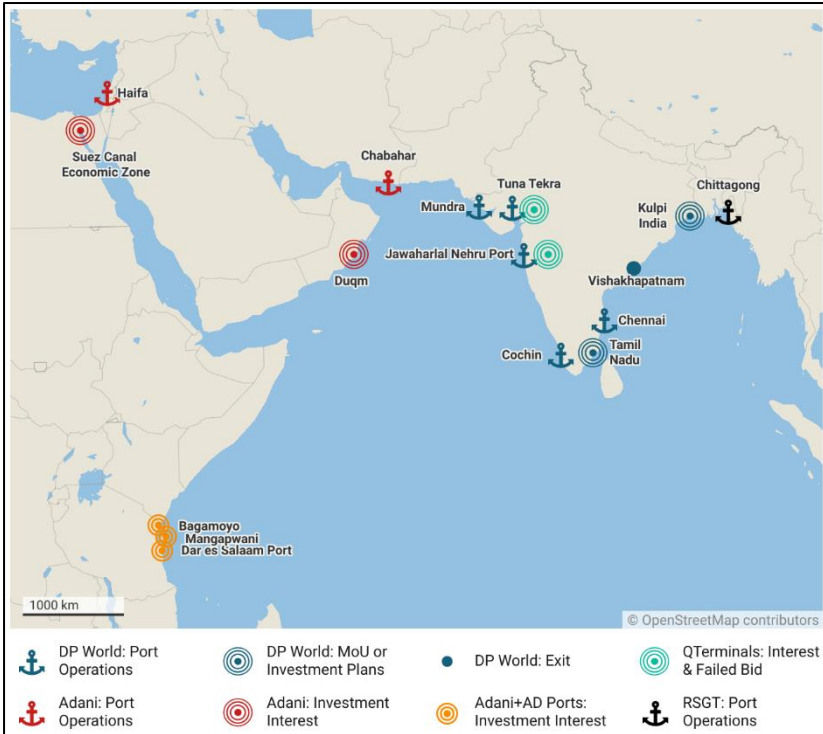
<sup>14</sup> DP World, “DP World and NIIF Announce Broadening of Partnership in India”, 30 June 2022, <https://www.dpworld.com/news/releases/dp-world-niif-announce-partnership-in-india/>.

<sup>15</sup> DP World, “DP World Acquires Feeder & Regional Trade Operators”, 19 August 2020, <https://www.dpworld.com/news/releases/dp-world-acquires-feeder-regional-trade-operators/>.



the UAE’s food security by creating a UAE-India food corridor that could attract up to US\$7 billion in investment.<sup>16</sup>

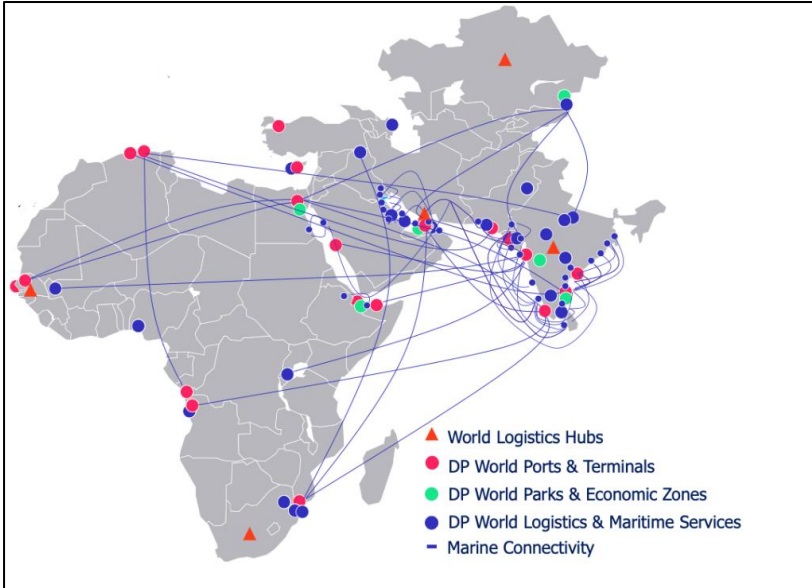
Figure 1. India–Middle East Relations from a Ports Perspective



Created by the author using Datawrapper, <https://datawrapper.dwcdn.net/w5Fip/2/>

<sup>16</sup> Michaël Tanchum, “The India-Middle East Food Corridor: How the UAE, Israel, and India Are Forging a New Inter-Regional Supply Chain”, Middle East Institute, 22 July 2022, <https://www.mei.edu/publications/india-middle-east-food-corridor-how-uae-israel-and-india-are-forging-new-inter->

**Figure 2. DP World’s Connectivity in the Indian Subcontinent, Middle East and Africa**



Source: DP World Investor Presentation, March 2023, p. 31, [https://www.dpworld.com/-/media/project/dpww/dpww-tenant/corporate/global/media-files/investor-relations/financials-and-presentation/investor-presentations/2023/2023\\_03\\_dp-world-investor-presentation.pdf?rev=7bdbab79b8604f1ea0275fea9e70ccb](https://www.dpworld.com/-/media/project/dpww/dpww-tenant/corporate/global/media-files/investor-relations/financials-and-presentation/investor-presentations/2023/2023_03_dp-world-investor-presentation.pdf?rev=7bdbab79b8604f1ea0275fea9e70ccb)

DP World’s investments in India aside, AD Ports, a rapidly expanding Emirati port operator, has joined forces with India’s Adani Ports to explore strategic joint investments in Tanzania’s logistics infrastructure.<sup>17</sup> This effort began shortly after the Tanzanian Port Authority approached Adani for investment support to develop its maritime infrastructure. Projects being considered include the building of

<sup>17</sup> Adani Ports and Logistics, “AD Ports Group and Adani Ports and SEZ Ltd Sign MoU for Joint Infrastructure Investments in Tanzania”, 4 August 2022, <https://origin-webapp.adaniports.com/newsroom/media-releases/ad-ports-group-and-adani-ports-and-sez-ltd-sign-mou-for-joint-infrastructure-investments-in-tanzania>.

several ports,<sup>18</sup> investments in rail, maritime and digital services, industrial zones, and the establishment of maritime academies in Tanzania.<sup>19</sup> Tanzania's location as a gateway for goods moving in and out of its six landlocked neighbours provides significant potential for growth. With the African Continental Free Trade Area now in play, Tanzania is expected “to emerge as a major transit point for general commodities and petroleum products”, making these port investments even more promising.<sup>20</sup>

Although AD Ports has ambitious plans of partnering with Adani, it is DP World that has made significant investments in India's maritime logistics sector, positioning itself far ahead of any regional competitor.

## Port Investments and Logistics Ties Between India and the Rest of the Middle East

Although Saudi Arabia has no investments in Indian ports as of April 2023, there have been notable developments in recent years. Since Prime Minister Narendra Modi's visit to Saudi Arabia in 2019, the Saudi Public Investment Fund (PIF), a sovereign wealth fund, has made significant acquisitions in India, buying stakes in the retail, wireless and fibre-optics arms of Reliance, India's largest public company, which also owns several private ports. In March 2022, Adani reportedly discussed joint investment opportunities with the Saudi oil company Aramco and PIF, and reports emerged that Adani may offer PIF the opportunity to invest

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<sup>18</sup> More specifically, a US\$500 million three-berth expansion at Dar es Salaam Port, the construction of a major port in Bagamoyo worth US\$1 billion, a US\$600 million plan for the Mangapwani multipurpose port in Zanzibar, and a US\$300 million investment in a new oil jetty in the Dar es Salaam harbour.

<sup>19</sup> Adani Ports and Logistics, “AD Ports Group and Adani Ports and SEZ Ltd Sign MoU for Joint Infrastructure Investments in Tanzania”, 4 August 2022, <https://www.adaniports.com/newsroom/media-releases/ad-ports-group-and-adani-ports-and-sez-ltd-sign-mou-for-joint-infrastructure-investments-in-tanzania>.

<sup>20</sup> Angelo Mathais, “Adani-AD Ports Partnership Aims to Position Tanzania as Regional Logistics Hub”, *The Loadstar*, 9 August 2022, <https://theloadstar.com/adani-ad-ports-partnership-aims-to-position-tanzania-as-regional-logistics-hub/>.

in infrastructure in India, probably involving ports.<sup>21</sup> A few months later, Adani reportedly approached PIF again to raise additional funds.<sup>22</sup> In July 2022, Gagan Seksaria, the director of global investments at RSGT, a PIF-backed Saudi port operator, expressed interest in the Indian market and revealed that the company was actively “evaluating upcoming concessions and acquisition opportunities in the ports sector”.<sup>23</sup> According to Seksaria, India is a big source of food imports for the kingdom, which may explain why the Saudi Agricultural and Livestock Investment Company is investing in agricultural projects in India, following in the UAE’s footsteps.

**“There has been a marked increase in connections  
between Saudi and Indian ports.”**

Alongside the discussions between PIF and Adani, there has been a marked increase in connections between Saudi and Indian ports. Between October 2022 and October 2023, Saudi ports were added to 17 different shipping services that also serve Indian ports.<sup>24</sup> Meanwhile, Bahri Logistics, Saudi Arabia’s national shipping carrier, has signalled that

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<sup>21</sup>*The Hindu*, “Gautam Adani Explores Partnerships with Saudi Aramco”, 21 March 2022, <https://www.thehindubusinessline.com/companies/gautam-adani-explores-partnerships-with-saudi-aramco/article65245129.ece>.

<sup>22</sup> *Financial Express*, “Gautam Adani Looks to Raise \$5 Billion Equity to Cut Debt, Approaches Qatar, Saudi Sovereign Funds”, 24 November 2022, <https://www.financialexpress.com/industry/gautam-adani-looks-to-raise-5-billion-equity-to-cut-debt-approaches-qatar-saudi-sovereign-funds/2889430/>.

<sup>23</sup> P. Manoj, “Saudi Arabia’s Public Investment Fund-Backed Red Sea Gateway Terminal Eyes Indian Port Opportunities, Says a Top Official”, *The Economic Times*, 2022, <https://infra.economictimes.indiatimes.com/news/ports-shipping/saudi-arabias-public-investment-fund-backed-red-sea-gateway-terminal-eyes-indian-port-opportunities-says-a-top-official/92694248>.

<sup>24</sup> Based on a database developed by the author; available upon request. The database is based on statistics from the website of Mawani Saudi Ports Authority, <https://mawani.gov.sa>.

its growth focus will be on countries with “trade scale and captive demand”, such as India, China and the United States.<sup>25</sup>

“Qatar has demonstrated an interest in entering India’s ports and logistics sector, and it is likely to continue seeking opportunities to operate Indian ports in the future.”

With Qatar, India’s relationship in the maritime logistics arena dates back at least to 2017, when representatives from Mwan Qatar, the entity responsible for managing the nation’s seaports and shipping terminals, visited India to explore cooperation and investment opportunities with Adani Ports.<sup>26</sup> Discussions during that visit included opportunities for partnership in ports, maritime transport, logistics, and food security, including launching new lines between Qatar’s Hamad Port and ports handled by Adani. Some tangible progress was made in May 2023, when Mwan Qatar and the Mediterranean Shipping Company inaugurated a new shipping line connecting Hamad Port with two Indian ports.<sup>27</sup> The Adani Group has a close relationship with the Qatar Investment Authority (QIA), which has been acquiring stakes in the group since 2019,<sup>28</sup> purchasing 25% of Adani Electricity Mumbai for

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<sup>25</sup> Bahri Logistics, “Annual Report 2022”, n.d.,

<https://www.bahri.sa/media/nrcnv3fb/bahri-annual-report-2022.pdf>.

<sup>26</sup> *The Peninsula*, “Mwan Qatar Holds Talk with Adani Ports”, 22 July 2017,

<https://thepeninsulaqatar.com/article/22/07/2017/Mwan-Qatar-holds-talk-with-Adani-Ports>.

<sup>27</sup> *The Peninsula*, “Mwan Qatar Launches New Service Linking Hamad Port to Indian subcontinent”, 23 May 2023, <https://thepeninsulaqatar.com/article/23/05/2023/mwan-qatar-launches-new-service-linking-hamad-port-to-indian-subcontinent>.

<sup>28</sup> *Financial Express*, “Gautam Adani Looks to Raise \$5 Billion Equity”.

about US\$450 million.<sup>29</sup> In late 2022, Adani reportedly approached QIA as it sought to raise US\$5 billion in equity.<sup>30</sup>

“India has engaged with Iran, where it has operated the Shahid Beheshti Terminal at Chabahar Port since 2018 through the state-owned India Ports Global Limited.”

In June 2022, Qatar’s QTerminals<sup>31</sup> submitted a bid for the container terminal at Jawaharlal Nehru Port, competing with DP World and other port operators.<sup>32</sup> Two months later, QTerminals submitted another bid to build a mega container terminal at Tuna Tekra.<sup>33</sup> However, QTerminals was unsuccessful in both attempts, as the French shipping firm CMA CGM and an Indian company jointly won the June 2022 bid,<sup>34</sup> and DP World won the August 2022 bid.<sup>35</sup> Despite Qatar’s lack of success, the country has demonstrated an interest in entering

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<sup>29</sup> *Nikkei Asia*, “Adani to Sell 25% in Mumbai Power Distribution Unit to Qatar Fund”, 11 December 2019, <https://asia.nikkei.com/Business/Energy/Adani-to-sell-25-in-Mumbai-power-distribution-unit-to-Qatar-fund>.

<sup>30</sup> *Financial Express*, “Gautam Adani Looks to Raise \$5 Billion Equity”.

<sup>31</sup> Majority owned by Mwanzi Qatar.

<sup>32</sup> P. Manoj, “J N Port Authority Gets Seven Price Bids for Privatising Its Self-Run Container Terminal”, *ET Infra*, 15 June 2022,

<https://infra.economictimes.indiatimes.com/news/ports-shipping/j-n-port-authority-gets-seven-price-bids-for-privatising-its-self-run-container-terminal/92235145>.

<sup>33</sup> P. Manoj, “Adani Ports, DP World and QTerminals File Initial Bids for Mega Container Terminal at Deendayal Port in Kandla”, *ET Infra*, 31 August 2022, <https://infra.economictimes.indiatimes.com/news/ports-shipping/adani-ports-dp-world-and-qterminals-file-initial-bids-for-mega-container-terminal-at-deendayal-port-in-kandla/93907222>

<sup>34</sup> CMA CGM, “CMA CGM and J M Baxi Win the Tender for Privatization of Jawaharlal Nehru Port Container Terminal”, 29 July 2022, <https://www.cma-cgm.com/news/4132/cma-cgm-and-j-m-baxi-win-the-tender-for-privatization-of-jawaharlal-nehru-port-container-terminal?cat=portsandterminals>.

<sup>35</sup> DP World, “DP World Wins Bid for Development of a Mega-Container Terminal at India’s Deendayal Port”, 2 February 2023, <https://www.dpworld.com/news/releases/dp-world-wins-bid-for-mega-container-terminal-at-indias-deendayal-port/>.

India's ports and logistics sector, and it is likely to continue seeking similar opportunities to operate Indian ports in the future.

In addition to the three Arab Gulf states, India has engaged with Iran, where it has operated the Shahid Beheshti Terminal at Chabahar Port since 2018 through the state-owned India Ports Global Limited. New Delhi was reported to have provided a grant of US\$85 million and a credit facility of US\$150 million for the port's development, which is India's first foreign port project. In November 2022, India's foreign minister met with Iran's deputy foreign minister to discuss further development of the port, and a few months later India allocated an additional US\$12 million for Chabahar's development.<sup>36</sup>

**“In the port of Duqm in Oman, India secured access for military use and logistical support.”**

Across the Arabian Sea, India has engaged Oman, although India-Oman ties in the maritime logistics domain are limited to the port of Duqm. There, India secured access for military use and logistical support and invested US\$62 million in an Indo-Omani joint venture to build a sebacic acid plant, which opened in 2019 in Duqm's Special Economic Zone.<sup>37</sup> Oman has also invited Indian companies to invest in the special economic zones adjacent to the ports of Duqm, Sohar and Salalah.<sup>38</sup>

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<sup>36</sup> *Financial Tribune*, “India Allocates Just Over \$12m to Development of Chabahar in 2023-24 Budget”, 5 February 2023, <https://financialtribune.com/articles/domestic-economy/116979/india-allocates-just-over-12m-to-development-of-chabahar-in-2023-24>.

<sup>37</sup> Shubhajit Roy, “India Gets Access to Strategic Oman Port Duqm for Military Use, Chabahar-Gwadar in Sight”, *The Indian Express*, 13 February 2018, <https://indianexpress.com/article/india/india-gets-access-to-strategic-oman-port-for-military-use-chabahar-gwadar-in-sight-5061573/>; Economist Intelligence Unit, “Sebacic Acid Plant in Duqm Begins Production”, 25 February 2019, <https://country.eiu.com/article.aspx?articleid=1327689516>.

<sup>38</sup> *Maritime Gateway*, “The Significance of Duqm Port for India”, 15 February 2022, <https://www.maritimegateway.com/the-significance-of-duqm-port-for-india/>.

Further west, Gautam Adani met with Egypt's president during the latter's visit to India in January 2023 and discussed opportunities for his company to invest in Egypt's ports and logistics sectors.<sup>39</sup> President Abdel Fattah al-Sisi reportedly welcomed Adani's interest in investing in Egyptian ports, saying that he would support investments in the Suez Canal through Egypt's sovereign wealth fund.<sup>40</sup> The president also stated that Egypt was considering allocating land for Indian industries in the Suez Canal Economic Zone (SCZONE), which was later emphasised by the chairman of SCZONE during Prime Minister Modi's visit to Egypt in June 2023.<sup>41</sup>

**“In what became the biggest infrastructural investment by an Indian company in Israel, the Adani Group invested US\$1.2 billion in January 2023 to acquire a 70% stake in Haifa Port.”**

Lastly, Israel is another major country where India has made significant inroads in the maritime logistics sphere. In what became the biggest infrastructural investment by an Indian company in Israel, the Adani Group invested US\$1.2 billion in January 2023 to acquire a 70% stake in Haifa Port, which handles about half of Israel's cargo, while Israel's Gadot Group purchased the remaining 30%.<sup>42</sup> Gautam Adani

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<sup>39</sup> Gautam Adani [@gautam\_adani], “An Honour to Have Met HE President Sisi and His Ministers...” Twitter (now “X”) Post, 26 January 2023, [https://twitter.com/gautam\\_adani/status/1618664840993832960](https://twitter.com/gautam_adani/status/1618664840993832960).

<sup>40</sup> *Egyptian Gazette*, “Sisi Says Ready to Extend Support to Adani Group and Its Future Projects in Egypt”, 26 January 2023, <https://egyptian-gazette.com/egypt/sisi-says-ready-to-extend-support-to-adani-group-and-its-future-projects-in-egypt/>.

<sup>41</sup> Adam Lucente, “Egypt's Sisi Meets Modi, Inks ‘Strategic Partnership’ on Landmark India Visit”, *Al-Monitor*, 27 January 2023, <https://www.al-monitor.com/originals/2023/01/egypts-sisi-meets-modi-inks-strategic-partnership-landmark-india-visit>.

<sup>42</sup> Sudarshan Varadhan, “Israel Sells Haifa Port to India's Adani Ports, Israel's Gadot for \$1.2 Bln”, Reuters, 14 July 2022, <https://www.reuters.com/business/indias-adani-ports-israels-gadot-buy-haifa-port-israels-finmin-2022-07-14/>.



joined PM Benjamin Netanyahu in a ceremony for the signing of the takeover and reportedly expressed his commitment to keep investing in Israel. For Netanyahu, Indian investments in Haifa could help establish a land-based trade route through Jordan and Saudi Arabia to connect the Mediterranean and the Gulf, bypassing the Suez Canal.<sup>43</sup>

These examples demonstrate the depth and breadth of India's engagement with its partners in the Middle East in the ports and maritime logistics sector, shedding light on the variation in India's engagement with these countries. With some, like the UAE, India acts mostly as a recipient, whereas with others, like Israel and Iran, Indian corporate actors are in the driver's seat.

## Implications of the Adani Scandal

On 24 January 2023, Hindenburg Research published a report<sup>44</sup> accusing the Adani Group of large-scale fraud and stock manipulation, causing market losses of over US\$110 billion in 10 days (Figure 3).<sup>45</sup> By early March, Adani Group had sold minority stakes in four subsidiaries to strengthen its liquidity in preparation for upcoming debt payments.<sup>46</sup>

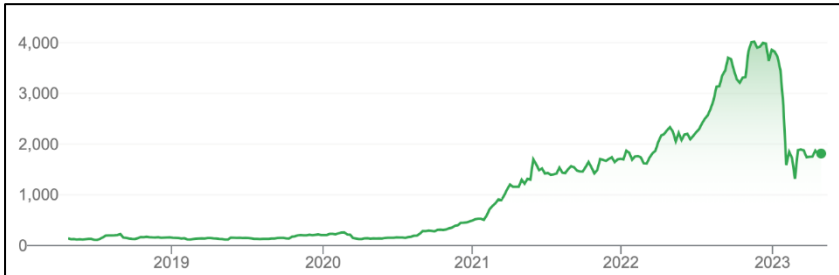
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<sup>43</sup> Rami Amichay, Ari Rabinovitch, and Dan Williams, "India's Adani Says to Keep Investing in Israel after Haifa Port Takeover", Reuters, 31 January 2023, <https://www.reuters.com/world/middle-east/indias-adani-says-keep-investing-israel-after-haifa-port-takeover-2023-01-31/>.

<sup>44</sup> Hindenburg Research, "Adani Group: How the World's 3rd Richest Man Is Pulling the Largest Con in Corporate History", 24 January 2023), <https://hindenburgresearch.com/adani/>.

<sup>45</sup> Sayan Chakraborty, "Adani Group's Market Loss Tops \$110 Billion after Wild Trading", *Nikkei Asia*, 3 February 2023, <https://asia.nikkei.com/Business/Companies/Adani-Group/Adani-Group-s-market-loss-tops-110-billion-after-wild-trading>.

<sup>46</sup> These were Adani Enterprises, Adani Ports & SEZ, Adani Transmission, and Adani Green Energy. See Navamya Ganesh Acharya, Carolina Mandl, and Echo Wang, "India's Adani Group Gets \$1.87 Bln Investment from US Firm GQG", Reuters, 2 March 2023, <https://www.reuters.com/markets/deals/gqg-partners-buy-shares-worth-187-bln-adani-group-firms-2023-03-02/>.

**Figure 3. Value of Adani Group's Shares (in Indian Rupees)**

Source: Adani Enterprises Ltd,

[https://www.google.com/finance/quote/ADANIENT:NSE?sa=X&ved=2ahUKEwjIjev10O3-AhXIIWoFH1a\\_EAIQQ3ecFegOIDxAg&window=6M](https://www.google.com/finance/quote/ADANIENT:NSE?sa=X&ved=2ahUKEwjIjev10O3-AhXIIWoFH1a_EAIQQ3ecFegOIDxAg&window=6M)

This massive loss in value did not fully alienate Adani's Middle Eastern partners, some of whom had invested significant amounts of money in the group during the past few years. The UAE's state-owned bank NBD Emirates, for example, had helped the Adani Group raise

**“The massive loss in value did not fully alienate Adani's Middle Eastern partners, some of whom had invested significant amounts of money in the group during the past few years.”**

US\$5.8 billion back in 2019. Later, in 2022, Abu Dhabi's International Holding Company (IHC) invested US\$2 billion across three Adani Group companies. A week after the Hindenburg report, IHC sent a clear message of support by announcing an investment of nearly US\$400 million in the Indian conglomerate, stating that “our interest in Adani Group is driven by our confidence and belief in the

fundamentals of Adani Enterprises Ltd; we see a strong potential for growth from a long-term perspective.”<sup>47</sup>

“The UAE and Israel's unwavering support for the Adani group could be a result of the two countries' improved relations with India as part of the I2U2 minilateral, which first met in July 2022.”

Also a week after the publication of the report, Gautam Adani attended the ceremonial signing of Adani Ports' takeover of Haifa Port, in partnership with the Gadot Group. During the ceremony, he appeared smiling next to Prime Minister Netanyahu.<sup>48</sup> Later on, Israel's ambassador to India defended his country's decision to partner with Adani, arguing that the Indian group has “the potential to make Haifa the port it needs to be”.<sup>49</sup> In March 2023, reports emerged that Adani had secured a US\$3 billion loan from an undisclosed sovereign wealth fund, which sources claimed was from the Middle East.<sup>50</sup> The UAE and Israel's unwavering support for the Indian group could be a result of the two countries' improved relations with India as part of the I2U2 minilateral, which first met in July 2022.<sup>51</sup>

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<sup>47</sup> John Hyatt, “Gautam Adani's Middle Eastern Allies Help Him Shrug off Fraud Allegations, Wealth Plunge”, *Forbes*, 31 January 2023, <https://www.forbes.com/sites/johnhyatt/2023/01/31/gautam-adanis-middle-eastern-allies-help-him-shrug-off-fraud-allegations-wealth-plunge/>.

<sup>48</sup> Hyatt, “Gautam Adani's Middle Eastern Allies Help Him Shrug off Fraud Allegations”.

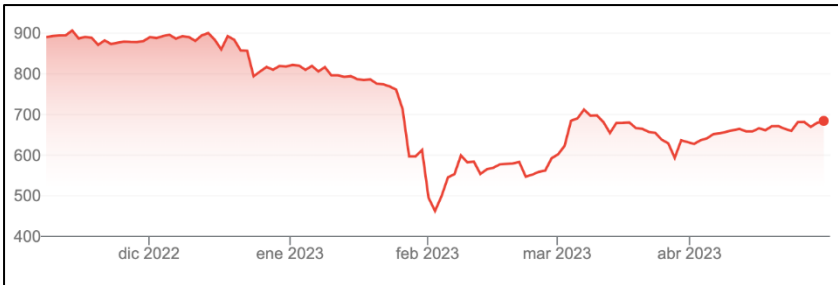
<sup>49</sup> *Times of India*, “Adani Group Has the Potential: Israel Backs Haifa Port Decision”, 23 February 2023, <https://timesofindia.indiatimes.com/india/adani-group-has-the-potential-israel-backs-haifa-port-decision/articleshow/98164720.cms?from=mdr>.

<sup>50</sup> *Al Arabiya* (English), “India's Adani Secures \$3 Billion Credit from Middle East Wealth Fund: Report”, 1 March 2023, <https://english.alarabiya.net/business/economy/2023/03/01/India-s-Adani-secures-3-billion-credit-from-Middle-East-wealth-fund-Report>.

<sup>51</sup> The White House, “Joint Statement of the Leaders of India, Israel, United Arab Emirates, and the United States (I2U2)”, 14 July 2022,

There are several possible outcomes for Adani Group. If the company continues to lose value, it may withdraw from its joint venture with AD Ports in Tanzania, which could lead the latter to lean more heavily on China's Hutchison Ports, its other primary partner with whom it is exploring investment opportunities in Tanzania. Such an eventuality would strengthen Beijing's position in the region, bringing the UAE and China even closer. In the Eastern Mediterranean, Adani's divestment from Haifa port is a possibility, which would give DP World another chance to win the tender to operate the port. This would reinforce the UAE-China duo again, as companies from both countries would be operating terminals in Israel's major port. Also, Adani may decide to sell

**Figure 4. Quick Recovery of Adani Ports' Shares (in Indian Rupees)**



Source: Google Finance, Adani Ports and Special Economic Zone Ltd,  
<https://www.google.com/finance/quote/ADANIPORTS:NSE?sa=X&ved=2ahUKFwj9Inj0O3-AhW-mmofHFSq2AYIQ3ecFegQIIBAi>

off some assets elsewhere, as it did in early March 2023 to meet debt repayments.<sup>52</sup> Should it decide to sell some ports, however unlikely,

<https://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-j2u2/>.

<sup>52</sup> This is not a far-fetched scenario. In fact, Adani recently sold a port in Myanmar for US\$30 million, after investing at least US\$127 million in it. However, this was not due to financial pressures, but because the company faced the threat of US sanctions after the military coup in February 2021. See Reuters, "India's Adani Ports Sells Myanmar Port for

Adani would find interested buyers in the Middle East, including DP World, AD Ports, Saudi Arabia's RSGT, and perhaps Mwanı Qatar.

In brief, the aforementioned developments would undermine India's influence in the Indian Ocean and the Middle East and North Africa region, while bolstering China's presence. Such an outcome would also result in increasing the UAE's leverage over India, while diminishing its sway over China, since New Delhi would no longer be a significant alternative to Beijing for Abu Dhabi.

**“The rapid recovery of Adani Ports, coupled with the eagerness of Gulf-based port operators to invest in Indian ports, bodes well for the country's economic progress.”**

Others would disagree with the above projection, arguing that the scandal is not enough to scare away investors.<sup>53</sup> First, Adani's infrastructure empire fits with the Indian government's economic agenda. Second, infrastructure is arguably the right sector to invest in during financial crises as it provides a steady revenue flow, alleviating debt-related concerns. Third, many investors are still optimistic about India's growth potential. Although the broader Adani conglomerate is recovering more slowly, the shares of Adani Ports (Figure 4), which crashed almost 50% in just 10 days after 24 January, recovered around 75% of its losses as of early March 2023.<sup>54</sup> By August, it had fully recovered its pre-crash value, showing a high degree of resilience.

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a Discounted \$30 Million”, 4 May 2023, <https://www.reuters.com/business/indias-adani-ports-completes-myanmar-port-sale-30-mln-2023-05-04/>.

<sup>53</sup> Nicholas Spiro, “4 Reasons Adani Group Scandal Isn't Enough to Turn Investors Bearish on India”, *South China Morning Post*, 23 February 2023, <https://www.scmp.com/comment/opinion/article/3211201/four-reasons-adani-group-scandal-isnt-enough-turn-investors-bearish-india>.

<sup>54</sup> Adani Ports' share price on 10 March was about 696 Indian Rupees. See Aseem Thapliyal, “Adani Ports Shares Rebound 76% from 52-Week Low; How Long for Full

The rapid recovery of Adani Ports, coupled with the eagerness of Gulf-based port operators to invest in Indian ports, bodes well for the country's economic progress. This trend also highlights a shared and interconnected future that is rich in synergies, wherein Middle Eastern partners will utilise their strengths as hydrocarbon producers, major logistics players and managers of large sovereign wealth funds to address the bottlenecks hindering India's growth. In turn, they will reap the rewards of a stable client with a colossal domestic market, ample returns on investment and food security. ◆

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Recovery?”, *Business Today*, 10 March 2023,  
<https://www.businesstoday.in/markets/company-stock/story/adani-ports-shares-rebound-76-from-52-week-low-how-long-for-full-recovery-372903-2023-03-10>.



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