The United Arab Emirates and Sino-American Competition
Towards a Policy of Non-Alignment?

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Key Takeaways

- Over the past five years, the United Arab Emirates (UAE) has used its economic and strategic rapprochement with China as a tool to diversify its foreign policy.

- If this Chinese policy of the UAE - which has traditionally been Washington’s partner in the region - mirrors the erosion of American influence in the Gulf, the sustainability of Abu Dhabi’s strategy should be questioned.

- Despite its aspirations for strategic autonomy, the UAE remains heavily dependent on US security guarantees, meaning that tensions between Washington and Abu Dhabi over its growing partnership with Beijing in sensitive areas (5G network, defense cooperation) could undermine its security foundations.

- While the energy crisis ensuing from the war in Ukraine allows the Gulf oil-producing countries to be in a powerful position vis-à-vis Western consumers, Abu Dhabi now seems determined to maintain its balancing act between Washington and Beijing.
Introduction

In just under five years, the United Arab Emirates (UAE) has accelerated its rapprochement with Xi Jinping’s China, to the point of becoming the first Gulf country to find itself at the heart of the rivalry between Beijing and Washington. Although benefiting from a large US military presence, the UAE has made its partnership with the Chinese regime a new priority that goes beyond energy and trade. The Sino-Emirati relationship is a tool for diversifying the foreign policy of this small Gulf state, and took off in light of Xi Jinping’s visit to Abu Dhabi in July 2018. It now covers many cooperation programs, including in such sensitive areas as the management of local port infrastructures, the deployment of the 5G network and weapons transfers.

As Abdulkhaleq Abdulla – an influential Emirati scholar – told The Financial Times in 2021, “the trend is towards more China and less America on all fronts [...] there is nothing America can do about this.” Abdulla’s peremptory tone reflects the confidence with which Emirati leaders and intellectuals today display their relationship with Beijing. It reveals the ambitions of this Gulf Federation, which is increasingly dreaming of being a mid-sized and non-aligned power. If this positioning reflects the erosion of American influence in the Arabian Peninsula, the viability of the UAE’s positioning may nevertheless be examined. In practice, the country remains heavily dependent on its security partnerships with Western countries – foremost among them, the United States and France. This raises questions about its real leeway on relations with China. This Ifri Briefing therefore seeks to explore the tensions that arise from the current UAE policy towards Sino-American competition, and how this policy may evolve.

The Rapid Expansion of Sino-Emirati Relations

Emirati leaders like to present themselves today as among China’s favored partners in the region: the UAE is to be a “natural link between Asia and Africa” while Xi Jinping’s Belt and Road Initiative is to be “a bridge connecting our common future”. However, this posture is only very recent. Like the other monarchies of the Gulf Cooperation Council (GCC), the UAE did not recognize the people’s Republic of China until 1990. That same year, Zayed bin Sultan Al Nahyan, founding president of the UAE, went to Beijing, accompanied by his son Mohammed (the current president). The journey left little trace

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2. The United Arab Emirates comprises seven Emirates: Abu Dhabi, Dubai, Sharjah, Fujairah, Ras Al Khaimah, Ajman and Umm Al Quwain.
3. This expression was used by Mostafa Haroon in research work for an Emirati think tank: “t’azīţ al’alāqāt aliqṣādiyyā bīyn al-sīn wa al-imārāt”, Future for Advanced Research & Studies, November 26, 2014.
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on both sides, even though it is now put forward in the official Emirati narrative to create an illusion of continuity. Some local commentators have even gone so far as to assert, despite the lack of any element of historical truth, that these ties with China have been maintained since the creation of the UAE in 1971.5

The primary factor accelerating the bilateral relationship is, not surprisingly, energy interdependence. The UAE is now China’s third largest oil supplier behind Saudi Arabia and Russia.6. It may be noted that during the same period, imports from Iran, China’s second largest supplier, declined in favor of the Arab Gulf monarchies.7. This was reflected notably by the granting of a concession to the China National Petroleum Corporation, in 2017, of 8% of Abu-Dhabi’s onshore oil, for 40 years.8

There is no shortage of trade indicators to illustrate their privileged relationship: About 60% of Chinese exports to Europe and Africa pass through Dubai’s Jebel Ali port.9 More than 6,000 Chinese companies are registered in the UAE, including the major Chinese banks (the China Construction Bank, the Bank of China, the Industrial & Commercial Bank of China and the Agricultural Bank of China) which have chosen Dubai as their regional support hub. This also has an impact on the real estate market: More than US$3 billion of Chinese capital has reportedly been injected into Dubai’s real estate market since 2013.10

But this is not – or no longer – merely a mercantilist policy. With Xi Jinping coming to power in Beijing in 2013, Abu Dhabi saw the opportunity to give a new twist to its foreign policy, which had hitherto been firmly anchored in the US orbit. The arrival of the new Chinese leader coincided with a sharp deterioration in relations between Abu Dhabi and Washington. In the eyes of Emirati leaders, Barack Obama’s administration “abandoned” its Egyptian ally Hosni Mubarak in 2011, paving the way for the Muslim Brotherhood to take power in Cairo. Similarly, concerning Iranian nuclear capabilities, Abu Dhabi severely judged the White House’s efforts between 2013 and 2015 to reach an agreement that, for Emiratis, reinforced Tehran’s regional interference. In other words, the UAE seemed convinced at the time of the need to revise its foreign policy in order to relativize the importance attached to links with the United States.11

5. “Al Imaṭān wa al sīn... alāqāt mutajadhirā fī al tāriqī gharis budhurrīhā al sheikh Zayed” [The Emirates and China... Historically Rooted Relations Planted by Sheikh Zayed], Al Aīn, October 1, 2020.
Moreover, Xi’s new Silk Road project seduced Emirati leaders who were very quickly keen to position the country as one of Beijing’s key partners in the Gulf. In 2017, Sultan Al Jaber, then Minister of State for Foreign Affairs, went to Beijing for the first Belt and Road Initiative Forum. He returned convinced that Xi Jinping’s project constituted “a bridge connecting our common future” for Abu Dhabi.12

The following year, Xi was greeted with great ceremony in Abu Dhabi. At the end of his visit, a dozen bilateral agreements were signed in the fields of energy, technological cooperation, finance and culture.13 The two countries also announced the establishment of a “comprehensive strategic partnership” – a term used by China also with other countries in the region. Also in 2018, the UAE announced the appointment of a special envoy for China (an unparalleled position in the rest of the Arabian Peninsula). The position was vested in Khaldoon Al Mubarak, the director of the Mubadala sovereign wealth fund and a close associate of Mohammed bin Zayed, Abu Dhabi’s strongman.

Emirati participation in Xi’s major project was also reflected in Chinese giant Cosco taking a shareholding (up to 90%) in Abu Dhabi port’s container terminal, in 2018.14 Then, in 2019, Abu Dhabi announced that it had selected Huawei to ensure the deployment of its 5G network. This choice is part of the UAE’s digital strategy, which since 2016 has relied on Chinese operators such as Alipay or even the Alibaba Cloud to manage its networks, whether for Emirati financial institutions or Dubai’s electricity infrastructure.15

During this same period, a modest but significant increase in Chinese weapons purchased by the UAE may be noted: From 2013, the Emirati army acquired 25 MALE Wing Loong-I drones; a further 15 Wing Loong-II, 500 Blue Arrow-7 anti-tank missiles, six Norinco AH-4 howitzers, and then even five SR-5 rocket systems, after these first acquisitions.16 These transfers do not compete with US platforms, either quantitatively or qualitatively. They nevertheless reflect the gradual entry of Chinese industrialists into the UAE defense market. For Abu Dhabi, Chinese arms companies are now a credible option in certain segments where cooperation with Western companies is difficult or non-existent (artificial intelligence, robotization and missiles).

Yet this Sino-UAE rapprochement is not without its problems. In 2018, DP World (the logistics multinational from Dubai) was ousted from Djibouti by the local government, which scrapped its contract to manage the port of Doraleh. To replace the Emirati entity, the Djiboutians called on the China Merchants Group. The case became an international legal dispute and an arbitration tribunal condemned Djibouti to compensate DP World. However, the UAE has not held this against Beijing and has relegated the subject to a clash with Djibouti, while minimizing the role the Chinese may have played in their eviction.  

Finally, the Sino-Emirati rapprochement has culminated in recent years with extremely close cooperation between the two countries in the field of health. When the Covid-19 pandemic spread to the Persian Gulf, the UAE rapidly turned to China to implement its own response. The Abu-Dhabi-based company, Group 42, which is linked to the ruling Al Nahyan family, relied on Beijing’s Genomics Institute to deploy PCR testing laboratories and hastily signed production agreements for the vaccine developed by Sinopharm.

Then, in the summer of 2021, and only three years after Xi’s visit to the Emirati capital, the small Gulf Federation seemed determined to operate its pivot toward Asia and to make its rapprochement with Beijing the keystone of this policy. However, just as quickly, this shift ran into demands from the UAE’s historic partner in Washington.

**The UAE at the Heart of Sino-American Rivalry**

On October 3, 2021, the influential Emirati diplomatic adviser Anwar Gargash took the floor at Ifri’s World Policy Conference in Abu Dhabi. As negotiations were stalling between the UAE and the United States over the sale of the F-35 fighter jet, Gargash expressed concern about what he called a “looming Cold War […] which is] bad news for many of us because the idea of choosing is problematic [...] for us: the United States is our major strategic partner, but China is our number one economic partner.”

For the first time, a high-level Emirati official publicly acknowledged the tensions surrounding the expansion of ties between Abu Dhabi and Beijing. It was only in the final months of the Trump administration, in the fall of 2020, that the issue became central to the Emirati-US bilateral dialogue. It was then that the F-35 sale crystallized the debates between the White House and Congress, with several Democratic senators (Dianne Feinstein, Bob Menendez, Chris Murphy) demanding light be shed on the UAE’s continued cooperation with China.

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17. Author interviews with Emirati diplomats, spring 2019.
By mid-summer 2020, the US Department of Defense’s annual report on China already contained some surprises. For the first time publicly and on four occasions, it mentioned the UAE as a possible candidate country for a Chinese naval base. Rumors about the possible establishment of a Chinese naval base in Abu Dhabi have indeed been circulating widely since Xi’s visit in 2018, and are increasingly worrying American officers who see it as a major risk for compromising their actions in the area. The 2020 report made this concern public.

One month after Anwar Gargash’s speech, quoted above, the Wall Street Journal revived the controversy by revealing that the Biden administration had firmly demanded the suspension of works in the port of Abu Dhabi for a Chinese military establishment. The Emiratis refused to comment on the case but fulminated. Leaks in the American press fueled a climate of mistrust between the two parties, that has been deteriorating ever since President Biden took office. Only a few days after his inauguration, the White House had already ordered a temporary suspension of arms sales to the UAE and Saudi Arabia. At the same time, Emirati decision-makers have not hidden their frustration with the US’s desire to disengage from the Middle East, while adopting a purely transactional approach, while demanding exclusive loyalty from its partners.

The Emirati response to American pressure thus testifies to the chasm that has emerged between the two countries. Abu Dhabi intends to show its willingness to decide on its own strategic options, without being dictated to from outside. While negotiations on the F-35s were officially suspended, Abu Dhabi announced within a month the purchase of 80 French Rafale aircraft and 12 Chinese L-15 trainers. On a strictly operational level, the choice of the Rafale is the most important: It testifies to the desire of Mohammed bin Zayed to establish a long-term privileged link with Paris, which will determine the size and scope of the Emirati air force for decades to come. On a political level, the announcement of the purchase of Chinese L-15s is more striking: For the first time, a Gulf state is acquiring Chinese fighter planes, and even if these do not provide the capability to be a full alternative to the F-35s, their acquisition opens new avenues.

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This latest Emirati announcement may, at first sight, seem like a provocation toward Washington. But more profoundly, it bears witness to Abu Dhabi’s desire to avoid, as much as possible, the logic of bipolarization that Sino-American rivalry is tending to impose in the Persian Gulf. This ambivalent – even non-aligned – attitude is new on the part of a country which, since its creation in 1971, has resolutely placed itself in the American fold. However, it is not exceptional, as it recalls the dilemmas that China’s Asian neighbors have already been facing for many years, especially in Southeast Asia (notably Vietnam, the Philippines, Singapore and even Indonesia).26

The Emirates: a Singapore of the Gulf?

The balancing act which the UAE is now engaged in between the United States and China recalls in several respects the positioning of Singapore, a city-state in Southeast Asia. So far, the latter has managed to preserve its economic relations with China (its leading trading partner), while maintaining extremely advanced military cooperation with the United States.27

References to Singapore have been at the heart of development strategies in the UAE, for a long time now.28 The two countries share some characteristics: A small population, constrained geography, and close proximity to regional powers that can easily exert pressure on them (Saudi Arabia and Iran for the UAE; Indonesia and Malaysia for Singapore). Like Singapore,29 Dubai (which lacks the energy wealth of Abu Dhabi) has made its port and its tax attractiveness to transnational firms the pillars of its growth. Similarly, when the UAE Federation set up military service in 2013, it took the Singaporean army as one of the models to follow.

Today, the UAE also appears to be inspired by Singapore’s balancing policy with respect to Sino-American competition. But Abu Dhabi is misinterpreting the Singaporean model while overestimating its own abilities. On the one hand, Singaporean leaders reject the bipolar Sino-American equation, but they remain cautious in their dealings with China: Singapore has thus opted for the Swedish equipment manufacturer Ericsson for the deployment of 5G,30 and its defense relationship with Beijing is reduced to occasional courtesy visits. This has allowed it to avoid the Emirati setbacks with Washington when

obtaining F-35s in 2020. In other words, the UAE gives China access to sensitive areas far more than Singapore does.

Yet at the same time, the UAE remains much more dependent on the US than Singapore. Abu Dhabi boasts of diversifying its foreign policy, but defense agreements with Washington are still the cornerstone of its stability. From a military point of view, the UAE is still heavily dependent on US aid, whether it is for military exercises or training troops, or for its territorial defense: The Yemeni Houthi rocket attacks on Abu Dhabi in January 2022 recalled the importance of the US THAAD and Patriot defense systems to protect the Emirati capital.

By contrast, Singapore has no security guarantee from Washington. While its officers train alongside American troops, the country’s military doctrine intends to ensure its ability to respond to an invasion of the island and maintain sufficient resistance for several days to allow time for the great powers to intervene. To date, there is no indication that the Emirati armed forces are preparing for such contingency scenarios, and for good reason: Western troops are stationed on their soil (nearly 5,000 Americans and 650 French), who are intended to deter a possible aggressor.

Compared to Singapore, the UAE is therefore both more engaged in its strategic cooperation with Beijing and more militarily dependent on Washington. This imbalance undermines the aspirations of strategic autonomy fueled by Emirati intellectuals close to power. In the longer term, it raises the question of the sustainability of Abu Dhabi’s ambivalence towards Sino-American competition.

**Conclusion**

As one Western diplomatic adviser to Abu Dhabi summed up in one of our interviews, “this balancing game is sustainable until it isn’t [...] the UAE has every interest in avoiding making a choice until it is imposed on it.” It could be argued that the insistent pressure of the Biden administration is precisely aimed at forcing that choice. The war in Ukraine and the energy crisis it provoked have temporarily put the issue on the back burner: The White House is seeking to calm its relations with the Gulf countries in order to benefit from their support against Russia.

However, the longer-term viability of Emirati policy is open to question. It seems unlikely that China will want and/or can replace the US as Abu Dhabi’s main security partner. The communiqué of the “comprehensive strategic partnership” agreement signed

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34. Author interview in Abu Dhabi, September 2022.
by the Emiratis and the Chinese in 2018 did mention a desire to strengthen military cooperation, and mentioned avenues to be explored in terms of joint training or even in the transfer of weapons. But this remains modest, as the text is hardly different from the agreements signed by China with Saudi Arabia and Iran.36 In the end, Beijing has no interest in pushing for the withdrawal of the United States from the zone. The Chinese navy benefits greatly from the US military presence in the region, which guarantees the stability of trade flows between the Persian Gulf and mainland China. This is also true for the other Gulf States.

On the other hand, in the event of escalating Sino-US tensions and the risk of US disengagement, Abu Dhabi could return to the status quo ante by suspending the most sensitive aspects of its cooperation with Beijing, perhaps even going so far as to follow the British example of evicting Huawei from local networks.37 Such an evolution would constitute a clear about-turn, which the UAE has already proved itself capable of on other issues: Whether it was the withdrawal of its troops from Yemen in 2019 or the lifting of its boycott of Qatar in 2021, Abu Dhabi has known when to act with great pragmatism, if necessary. Challenging the rapprochement with Beijing would, however, be accompanied by a clear rise in tensions with the Chinese leadership, as other countries have witnessed to their cost, such as the United Kingdom or Canada. The Emiratis would certainly wish to avoid this at all costs.

In these circumstances, the UAE has an interest in maintaining its current in-between position as much as possible. Stalling on the issue of Sino-American competition can also allow Abu Dhabi to advance toward its ultimate objective: to forge its strategic autonomy. This objective has been particularly prominent in Mohammed bin Zayed’s public declarations. Ultimately, however, it can only be realized at the cost of strengthening the UAE’s own military capabilities – whether it be by hardening its troops, or by strengthening its defense industries. Were it to succeed in this transition – albeit with an uncertain horizon – then Abu Dhabi could truly claim to be non-aligned with respect to the rivalry between Washington and Beijing.

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