UAE’s Increasing Role in China’s Security Calculus

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Abstract

In recent years, there has been much focus on China’s budding ties with large Arab countries such as Egypt and Saudi Arabia in the Middle East. However, among the Arab Gulf states, the smaller United Arab Emirates is quietly gaining stature in Beijing’s strategic calculus and its One Belt, One Road strategy. With shared concerns over the spread of ISIS and Al Qaeda groups that threatens trade flows in the Suez Canal and the Red Sea, UAE appears to be splitting from other Gulf states, and slowly aligning with Egypt and China in a new Mideast security arc to combat Salafi terrorism.

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Analysis

In recent years, there has been much focus on China’s budding ties with large Arab countries such as Egypt and Saudi Arabia in the Middle East. However, among the Arab Gulf states, the smaller United Arab Emirates (UAE) is quietly gaining stature in Beijing’s strategic calculus and its One Belt, One Road (OBOR) strategy.

For Beijing, the UAE is not simply an end market, but a powerful hub that supports Chinese commerce across key emerging markets on China’s OBOR. Located on the Persian Gulf, Dubai—the most populous city in the UAE and second-largest emirate after Abu Dhabi—is strategically located at the heart of several new trade corridors such as the SAMEA (South Asia Middle East, Africa) and CHIMEA (China, India, Middle East, Africa) corridors. Dubai handles nearly 80% of UAE’s overall trade, and some 60% of China’s total exports to the UAE are re-exported to Africa and Europe, principally via the Jebel Ali port, the ninth-busiest container terminal port in the world.

In 2014, bilateral trade was US$54.8 billion and expected to increase to US$80 billion by 2018, according to Hakel Wen from the China Foreign Trade Centre. UAE is also playing a key role in the internationalization of Chinese renminbi, with Emirates NBD becoming the first bank in the Middle East and North Africa to issue a yuan “dim sum” bond in 2012.

Despite having a population of only 9.3 million, UAE hosts more than 300,000 Chinese nationals among which 200,000 are residents in Dubai, in addition to 4,200 Chinese companies, 356 trade agencies, and more than 2,500 registered Chinese trade labels.

While Dubai serves as an important financial and trade hub for Beijing, Opec member Abu Dhabi is also gaining prominence as an oil supplier. Endowed with 98 billion barrels of proven oil reserves, western energy companies such as ExxonMobil, Total, BP and Royal Dutch Shell have been dominant players in the UAE concession system.

1 Zongyuan (Zoe) Liu, “Rising Chinese Waves in the UAE”, Middle East Institute, August 5, 2015, http://www.mei.edu/content/map/rising-chinese-waves-uae
2 Hakel Wen, “Higher China trade projection for Dubai”, Middle East Institute, May 14, 2015, http://www.mei.edu/content/map/rising-chinese-waves-uae
3 Dania Saadi, “UAE financial ties with China were years in the making”, The National, January 11, 2015, http://www.thenational.ae/business/economy/uae-financial-ties-with-china-were-years-in-the-making
However, China became a new player in 2014 when China National Petroleum Corp secured the rights to produce and export oil from Abu Dhabi, and in February 2017 Beijing added a 12% stake (CNPC 8%, CEFC 4%) in Abu Dhabi National Oil Co (Adnoc) onshore concession to its portfolio.

On the security front, the Emirates also shares Egypt’s and China’s concerns regarding the threat of Salafi jihadism destabilizing the Eastern Mediterranean/Red Sea region.

In 2014, without informing Washington, UAE joined Egypt in Libya to bomb the Muslim Brotherhood-led Libya Dawn militias backed by Qatar, Turkey and Sudan.

This incident underscored the split within the Gulf Cooperation Council and regional rivalry between actors that support the spread of Salafism/Muslim Brotherhood and others who see them as a threat to traditional states in the Middle East. Abu Dhabi’s Crown Prince Mohhamed bin Zayad for one sees Qatar as “part of the Muslim Brotherhood” and a threat to UAE’s longer-term political and economic order, and is increasingly frustrated with Riyadh’s current overtures to the Brotherhood as well.

In this regard, UAE is finding sympathetic ears with Egypt’s President Sisi and seems slowly aligning with Cairo, Moscow and Beijing in the emerging Mideast security arc to combat Takfiri terrorism. Nonetheless, while the Emirati-Qatari rivalry continues to play out in Libya, in Syria and Yemen the UAE was on the same side as Riyadh and Doha, although Abu Dhabi is increasingly forging its own independent and multi-vector path.

In June 2016, it left the widely condemned Saudi-led/US backed coalition that is accused of war crimes and the main cause of a humanitarian disaster in Yemen, and focused on battling Al Qaeda and ISIS that were gaining power from the Saudi intervention.

It is also emerging as a formidable regional military power which the Pentagon has nicknamed “Little Sparta.”

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8 Christina Lin, “New Security Arc in the Mideast”, ISPSW/CSS ETH Zurich, December 2016, [https://www.ethz.ch/content/specialinterest/gess/ciss/services/digital-library/publications/publication.html/ca9265b7-023d-4c4b-83ad-87a59b59bf](https://www.ethz.ch/content/specialinterest/gess/ciss/services/digital-library/publications/publication.html/ca9265b7-023d-4c4b-83ad-87a59b59bf)
11 [https://twitter.com/tedlieu/status/77825249180938241](https://twitter.com/tedlieu/status/77825249180938241)
Currently UAE houses an US airbase in Al-Dhafra outside of Abu Dhabi, and has built up its military capabilities and training over the years. Its armed forces train as often and intensely as the US military, and in Afghan campaigns, Australia and UAE were the only non-Nato nations allowed to fly air support missions to protect coalition ground forces.

According to the Stockholm International Peace Research Institute, in 2015 the UAE had the 14th\(^{16}\) highest military expenditures of any countries in the world—ahead of Israel at 15th place—and is also the world’s third-largest\(^{17}\) arms importer. While its arsenal consists mainly of US weapons, it is now looking east for other options.

In February, eight Chinese companies were featured in Abu Dhabi’s 13th International Defense Exhibition and Conference (IDEX2017)\(^{18}\) while a Chinese naval task force visited Port Zayed\(^{19}\) around the same time, in a sign of warming ties. In Yemen, the UAE is already using China’s Wing Loong drones in its campaign against al Qaeda, and recently purchased the CH-4 drones\(^{20}\) similar to US MQ-1 Predator.

With Abu Dhabi being a main commercial hub between Asia and Europe/Africa and China as the largest trading nation in the world, both have shared interests in combating al Qaeda groups that threaten shipping\(^{21}\) in the Suez Canal and Red Sea. As such there seems to be further prospect for counter-terror and security cooperation between China, Egypt and now “Little Sparta” in the region.

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Remarks: Opinions expressed in this contribution are those of the author. Article first published in Asia Times on March 29, 2017.