
The UAE Transforming into a Middle Power Through Effective Strategies to Enhance Influence

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Key Judgments

- The United Arab Emirates (UAE) serves as an ideal case study of how a small country can respond effectively to strategic challenges and shifting dynamics both in the Middle East and on the global stage. Over the past two decades, the UAE has implemented a flexible and comprehensive strategic vision aimed at self-improvement, alliance-building, and expanded diplomacy. It has leveraged its growing economy to develop advanced infrastructure and exercised geopolitical influence within and beyond its region.
- The UAE's approach has enabled it to transcend traditional measures of power, such as land area and population, by adopting qualitative measures of influence. These include its proactive use of pioneering technology as a cornerstone of its strategy to position itself as a middle power. However, the UAE's trajectory is not independent of the dynamics of great power competition, especially between Washington and Beijing, a dynamic this study will explore.
- Economic diversification is widely recognized in the Gulf as a fundamental pillar for sustainable development, global competitiveness, and future preparedness. Among oil-dependent Gulf Cooperation Council economies, the UAE has come a long way in diversifying its non-oil sectors to prepare for a “new era that empowers a society not reliant on natural resources, but rather on talents, skills and emerging technologies that are shaping the future.”¹ The contribution of the non-oil sector in the UAE's GDP reached a new record high of 77.3% for the first time in the country's history in the first quarter of 2025.²
- These diversification efforts have been supported by the UAE's expanding strategic partnerships with both global powers and emerging economies. Diversifying revenue streams, defense procurement sources, regional and international partnerships, foreign investments, and educational and religious frameworks have become a key political strategy for shaping the country's future trajectory.
- The current Iran crisis may impose short-term pressures on certain pillars underpinning the United Arab Emirates' role as a middle power, particularly with regard to its image as a safe haven and the fluidity of economic activity. However, such pressures are unlikely to reach the level of structural impact. Thanks to substantial fiscal buffers, advanced economic diversification, and strong institutional capacity for crisis management, these challenges appear more akin to a transitional test.

The UAE's Role and Importance as a Middle Power

The UAE represents an exemplary case of transformation, evolving in less than two decades from a small country with a marginal role in regional and international affairs — largely reliant on soft power — into an emerging middle power. This shift is the result of the pivotal leadership of Sheikh Mohamed bin Zayed Al Nahyan and Sheikh Mohammed bin Rashid Al Maktoum, alongside robust economic growth. The Emirati economy has grown from \$20 billion in 1975 (just four years after the country's founding) to almost \$456 billion in 2023.³ The UAE's gross domestic product (GDP) increased to reach \$569.1 billion in 2025.⁴

This growth- and leadership-driven transformation has shaped the UAE's foreign policy, enabling the country to expand strategic partnerships with major powers and emerging economies while addressing regional challenges.

At the same time, the UAE's expanding economy has increased its dependence on having access to key regional and global opportunities. The COVID-19 pandemic and the Russia-Ukraine war underscored the importance of securing food, medicine, energy, and supply chains. These crises reinforced the UAE's strategy

of hedging and diversifying its options, driving initiatives like the “Look East” policy⁵ and deepening engagement in Africa. These policies reflect an ambitious effort to broaden markets, align foreign policy with economic diversification goals, and prepare for a post-oil future, while also achieving political gains against regional rivals and competitors. By strengthening its regional and global presence, the UAE has enhanced its influence and effectiveness.

This paper challenges the traditional focus of international relations and political science studies on quantitative metrics, such as population size and territory, in assessing state power. Developments over the past two decades suggest that the effectiveness and influence of states often surpass these standards. The UAE’s experience highlights the growing importance of qualitative dimensions of power in global politics.

Shifts in regional and international orders have played a pivotal role in the rise of the UAE’s geopolitical status. The country has demonstrated a preemptive, resolute, flexible, and adaptive approach to both opportunities and challenges. During the two terms of U.S. President Barack Obama (2009-2017), significant shifts in Middle Eastern geopolitics emerged. They included:

- The eruption of the Arab Spring protests and uprisings in 2010-2011.
- The growing geopolitical vacuum in Middle Eastern countries like Egypt, Libya, Bahrain, Yemen, and Syria.
- The U.S. shale energy revolution, which significantly altered global energy dynamics.
- Washington’s “pivot to Asia”⁶ strategy to address China’s rise.
- The expanding threat of terrorism, exemplified by the emergence of ISIS in Iraq and Syria and the establishment of the Global Coalition Against ISIS in 2014.
- The decline in oil prices between 2014 and 2016.
- The signing of the nuclear deal between the P5+1 countries and Iran in July 2015.

Since 2011, it has become increasingly evident that the UAE is no longer a secondary player in the Middle East. The nation has undergone a clear transition in its political approach and self-perception, emerging as a leading power on both the regional and international stages.

Under its young, ambitious, and visionary leadership, the UAE has fostered political and security stability, social cohesion, and economic strength. It has cultivated an attractive living environment and high-quality public services while promoting tolerance, women’s empowerment, entrepreneurship, and adaptive governance. Moreover, the UAE has actively addressed emerging threats like climate change while preparing for a future characterized by technological innovation, artificial intelligence (AI), clean energy, and sustainability, signaling readiness for a post-oil era.

The Abraham Accords, initiated between the UAE and Israel in 2020, reflect these broader strategic shifts. With Bahrain, Morocco, and Sudan joining the Accords, the Middle East and North Africa witnessed a reconfiguration of geopolitics, characterized by new alignments, understandings, partnerships, and mini-lateral alliances, such as I2U2, which brings together India, Israel, the UAE, and the United States. These developments represent a proactive Emirati strategy to shape, rather than just react to, the evolving regional and global order.

In its journey to becoming a middle power, the UAE under Sheikh Mohamed bin Zayed recognized the strategic benefits of positioning itself as a regional hub for diplomacy, security, prosperity, and diverse partnerships.⁷

His leadership has expanded the UAE's ambitions beyond the Gulf, extending its influence eastward to Asia and westward to Africa. This broader vision has resulted in new strategic partnerships with nations such as China, Russia, India, Japan, South Korea, Malaysia, Australia, and Italy, often challenging traditional alignments based on identity-driven solidarity.

The UAE also remains committed to securing a presence in key international and regional blocs, groups, and platforms. This strategy bolsters the country's role in global trade, multilateral cooperation, and development, while advancing its aspirations as a middle power in an increasingly complex landscape of great-power competition. Notable examples include accession to the expanded BRICS in early 2024 and the convening of the GCC-ASEAN summit in October 2023, reflecting a long-term Gulf strategy aimed at diversification and strategic flexibility. To date, this hedging approach has continued without jeopardizing relations with Western allies, as demonstrated by the inaugural GCC-EU summit in October 2024, participation alongside Saudi Arabia and Qatar in the G7 meeting in Italy in November 2024, and the launch of negotiations on a European Union-UAE free trade agreement in 2025, among other engagements.

Strategic diversification in security, trade, and diplomacy serves as a safeguard against overreliance on any single power. For smaller states, specialized capabilities can offer disproportionate influence in specific domains, as demonstrated by Singapore's financial leadership or Estonia's role in digital governance. Overall, strong domestic governance and social cohesion are essential pillars of resilience in the face of external threats that tend to be more dangerous when they exploit internal divisions or institutional weaknesses.

However, the UAE's engagement as a middle power in addressing Middle Eastern issues has come with significant costs. Regional challenges include the upheavals of the so-called Arab Spring, the rise of terrorist groups such as al-Qaida and ISIS, and the growing influence of militias and nonstate actors — threats that continue to jeopardize regional security and the sovereignty of several nation-states.

The Yemen conflict illustrates how regional instability can undermine the UAE's economic ambitions. The UAE incurred substantial direct and indirect costs due to its involvement in the Yemen conflict, including military operations, logistics, support for allies, humanitarian aid, and stabilization assistance. Even conservative estimates suggest the conflict has cost the UAE billions of dollars, with peak annual expenditures accounting for a significant share of the country's GDP. Following extensive reassessment in recent years, the UAE has moved away from a zero-sum approach toward regional competitors, instead favoring de-escalation, diplomacy, and economic engagement over military intervention. Economic and political losses appear to have peaked after the crisis triggered by the Southern Transitional Council's expansion into Hadhramaut and Al Mahrah in December 2025, followed by its retreat under airstrikes conducted by Riyadh.

Despite these efforts, the UAE continues to face challenges in preventing tensions from escalating. Hamas' attacks on Israel on October 7, 2023, and the subsequent Israel-Hamas war, underscore the difficulties the UAE encounters in managing such a highly volatile environment marked by crises, tensions, and divisions. An assessment of the UAE's response to developments in Gaza and Lebanon, as well as its interactions with Israel, Iran, Hamas, Hezbollah, and Syria's post-Assad political order, reveals the constraints of Emirati diplomacy. Although the UAE is widely recognized for its potential role in humanitarian assistance, development, and reconstruction, it has had limited influence over the outcomes of these conflicts and crises. Meanwhile, the United States, under President Donald Trump, has emerged as a central actor in managing the aftermath of regional conflicts, including those involving Israel, Iran, and Syria. Washington has engaged regional partners, including the UAE, to de-escalate tensions, manage ongoing crises, and facilitate a post-October 7 transition in diplomatic and security dynamics.

Participation in the Abraham Accords has, in theory, provided the UAE with a unique channel for communication

with Israel and with limited leverage to exert pressure when necessary, as demonstrated by its warning to Prime Minister Benjamin Netanyahu's government in September 2025 regarding potential annexation of the West Bank.

The UAE's model of building comprehensive power reflects its global agenda and aligns with the principles and objectives outlined in its "UAE Centennial 2071" vision⁸. The country's aspirations and strategic priorities in the coming period are centered on the following key areas.

Foreign Policy: Enhancing Strategic Diversification

Amid a shifting global order, the UAE, like many countries, has prioritized consolidating its options through strategic hedging and adopting a more autonomous foreign policy driven by national interests.

Since its launch in September 2021, the Comprehensive Economic Partnership Agreements (CEPA) program has successfully concluded 32 agreements, enhancing trade relations and expanding market access for UAE businesses across economies that collectively represent nearly a quarter of the world's population. As a central pillar of the UAE's foreign trade strategy, the program supports ambitions to reach \$1 trillion in total trade value by 2031 and double the size of the economy to more than \$800 billion by that same year.⁹ This strategic diversification plays a critical role in reducing the UAE's reliance on oil, which now accounts for less than 25% of GDP, according to Thani Al Zeyoudi, UAE minister of state for foreign trade.¹⁰

The UAE's decision to join BRICS in early 2024 represents another opportunity to enhance ties with China and other nations in the Global South. This move enhances its capacity for strategic diversification and maneuverability amid intensifying great-power competition. However, deeper engagement with BRICS does not diminish the importance of the UAE's relationships with the United States and European nations. These partnerships remain fundamental and unique, especially in the areas of security and defense.

Defense Capabilities

It is hard to talk about the UAE's rise to middle power status without addressing its substantial investment in developing hard power and strengthening its deterrence capabilities against regional rivals. Since the war to liberate Kuwait in the 1990s, the UAE has pursued advanced weapon systems, including state-of-the-art air defense systems, fifth-generation fighter jets, and drones, while also expanding domestic defense production and localizing key industries. Although the UAE's defense arsenal primarily relies on U.S.-made weaponry, it has demonstrated a clear interest in diversifying its sources, procuring arms from Western countries such as France, Britain, and Italy, as well as from other countries, including South Korea, Russia, and China. Nevertheless, American and other Western systems continue to dominate the core of the UAE's defense capabilities.

Due to its accumulated experience operating alongside U.S. forces in conflicts such as the war to liberate Kuwait, Somalia, Kosovo, Afghanistan, Libya, and operations as part of the Global Coalition Against ISIS, the UAE has been dubbed "Little Sparta."¹¹ In May 2025, the Trump administration and the UAE agreed to establish a major defense partnership to guide enhanced military-to-military cooperation, joint capability development, and long-term defense alignment between the two nations.¹² This move followed the Biden administration's designation of the UAE as a major defense partner in September 2024, a status shared only with India.¹³ This designation further strengthens UAE-U.S. collaboration in security and defense across the

Middle East, East Africa, and the Indian Ocean.

The UAE defense industry focuses on producing armored vehicles, military drones, missiles, ammunition, electronic and cyber warfare technologies, and naval vessels. A cornerstone of these efforts is the Emirati EDGE group, a state-owned conglomerate, which ranked 22nd among the world's top arms firms in 2022, according to the Stockholm International Peace Research Institute (SIPRI).¹⁴ This marked the first time a Middle Eastern firm appeared among the top global original equipment manufacturers and security exporters. In 2024, the EDGE Group generated \$4.7 billion in arms sales, ranking 37th globally according to SIPRI, despite having been excluded from SIPRI's Top 100 list since 2020 due to a lack of publicly available data.¹⁵

Taken together, the UAE's increased investments in its domestic defense industry while pursuing global partnerships reinforce its status as a rising middle power. The country also hosts some of the world's most prominent defense and military technology exhibitions, such as the International Defence Exhibition and Conference (IDEX) and the Naval Defence and Maritime Security Exhibition (NAVDEX). These platforms reflect the UAE's ambition to transfer knowledge, develop talents, localize military production, and improve supply-chain efficiency. They also serve as key venues for governments, major defense corporations, and stakeholders to exchange ideas, explore innovative solutions to evolving security challenges, track global shifts, and encourage healthy competition that combines high quality with cost-effectiveness.

The Emirati government also plans to reduce the carbon footprint of its armed forces. In parallel, the UAE plans to expand its civilian industrial base and secure greater control over critical materials and their supply chains — constraints that have historically hindered the growth of the defense industry in the Middle East and North Africa. This strategy has significant implications for the UAE's security and defense, particularly as it seeks to protect its rising economic interests abroad.¹⁶

From an Emirati perspective, security in the modern era extends far beyond traditional defense; it now encompasses supply-chain resilience, information integrity, and the strategic use of space capabilities. In a world where global disruptions can halt supply chains in an instant, security is no longer just about protection — it is equally about preparedness and adaptability. The ability to anticipate risks, diversify logistics networks, and integrate advanced technologies has become central to national and industrial resilience.¹⁷

Economy and Trade

The UAE has established itself as a global financial, trade, and logistics hub by leveraging early investments in advanced infrastructure and services. This strategic foresight has enhanced the country's geographic value as a global crossroads connecting the north, south, east, and west. As a result, the UAE has become a pivotal player in major global and regional initiatives aimed at building international economic corridors and transnational and intercontinental infrastructure megaprojects. These include the Belt and Road Initiative (BRI), the India-Middle East-Europe Economic Corridor (IMEC), and the Iraq-Türkiye Development Road. China is not involved in IMEC or the Development Road projects, both of which face significant challenges related to funding, governance, and the repercussions of geopolitical conflicts. Together, these transnational and transregional corridors are set to shape the emerging global order, offering participating countries economic advantages, stronger positions in international trade, and access to new and advanced infrastructure.

As a rising middle power, the UAE has skillfully deployed its financial resources, sovereign wealth funds, and advanced infrastructure, including free zones and ports such as Jebel Ali, international airports, and leading airlines. Its flexible and bureaucracy-free investment and trade environment has positioned the country at

the heart of regional and global competition for trade, investment, and influence around the world.

Africa has emerged as a key arena for this strategy, with Emirati investments totaling approximately \$110 billion and Dubai serving as a key gateway to the continent.¹⁸ The UAE sees its role in Africa as a driving force for development and prosperity, recognizing the continent as a forward-looking region rich with opportunities. This outlook reflects broader concerns about the decline of globalization and the fragmentation of global trade. As UAE Minister for Foreign Trade Thani Al Zeyoudi explains, “Africa has the potential to become a new hub for growth and innovation. It can not only bridge the major economic regions in Asia, Europe, and North America, but it is also emerging as a significant player in its own right, especially with the African Continental Free Trade Area, positioning it as a key player in the global economy in the years to come.”¹⁹

The number of African companies registered in Dubai has also risen sharply over the past decade. By the end of 2024, 26,910 African firms were active members of the Dubai Chamber of Commerce, reflecting annual growth of more than 29%. In the first quarter of 2025 alone, an additional 2,292 African companies joined the chamber, underscoring growing confidence in Dubai’s role as a strategic hub for African businesses and investors.²⁰ Ricardo Soares de Oliveira, a professor of international politics at Oxford University who studies Africa-UAE relations, told *The Financial Times*, “Dubai is New York for Africans now.”²¹

Connectivity and linking projects, markets, and regions is central to the UAE’s foreign policy and its trade and investment strategies. This focus enhances the strategic value of the country’s geographic position, enabling it to serve as a bridge between continents and as a facilitator of transnational economic integration. The fact that 2 billion people live within a four-to-five-hour flight of the UAE highlights the potential of this market.²²

The UAE’s emphasis on connectivity also reflects its policy of avoiding entanglement in world-power polarization, opting instead to maintain a balanced approach that does not align exclusively with any one power. Consistent with its vision of logistics as a key driver of growth, the UAE announced in February 2025 the launch of the Emirates Council for Logistics Integration. This body will be responsible for driving UAE global trade by improving coordination between road, rail, port, and customs systems. Keen to strengthen its position as a global trade hub, the country has set an ambitious target of raising the value of its logistics sector from AED 129 billion in 2023 to AED 200 billion (\$54.45 billion) annually within the next seven years. For the UAE, the future of 21st-century global trade lies in building and sustaining such connectivity.²³

IMEC and related initiatives should also be viewed in the context of the new dynamics that have emerged following the Abraham Accords of 2020, which aimed to enhance regional and supranational integration. These include I2U2, launched in 2021 and comprising India, Israel, the UAE, and the United States, and the Trilateral Cooperation Initiative, formed in 2022, involving the UAE, India, and France. From an Emirati perspective, the Abraham Accords highlighted the growing importance of economic and logistical cooperation across regions. As Dr. Anwar Gargash, diplomatic adviser to the UAE president, has noted: “It is extremely important to work on what I would call logistical routes — whether these are horizontal or vertical, north to south.”²⁴

On the other hand, it is difficult to discuss IMEC, launched in 2023, without acknowledging the Chinese-led BRI initiative, which is far more extensive and was launched a decade earlier in 2013. IMEC also underscores the growing competition between great powers, particularly the United States and China, as both powers seek to leverage regional and global infrastructure projects as instruments of influence, economic expansion, and “economic diplomacy.” Analysts, such as Ravinder Kaur, a professor at the University of Copenhagen, caution against exclusively viewing IMEC through the lens of opposition to the BRI, arguing that such a binary perspective overlooks the fact that “most countries these days tend to participate in multiple fora and

alliances.”²⁵ This dynamic is evident in Saudi Arabia’s full membership in the G20, and the UAE’s participation as a guest, as well as both countries’ interest in BRICS membership. At the same time, the UAE, Saudi Arabia, Kuwait, and Oman are partners in the BRI, while the UAE and Saudi Arabia also play key roles in IMEC.

For Gulf countries, there is no inherent contradiction in participating in multiple initiatives, as national interests ultimately guide their engagement approach. Therefore, many experts believe that it is more realistic to expect IMEC to run parallel to, and possibly compete with, BRI rather than serving as a wholly alternative trade corridor.²⁶ In this context, Saudi Arabia and the UAE view IMEC not as a challenge to China but as a complement to their broader economic diversification efforts.

Meanwhile, shifts in global trade dynamics have reshaped the Gulf region’s network of economic partnerships. The United States’ move toward energy self-sufficiency and China’s economic ascent have altered trade flows in the Gulf region and beyond. China and India have now surpassed the United States and Europe as the UAE’s largest trade partners. As of 2025, the UAE has emerged as the only country capable of competing with China in Africa, yet its economically driven foreign policy remains more complementary than confrontational toward Beijing, its largest trading partner.²⁷

This evolution reflects a larger strategy among Gulf countries focused on economic diversification and hedging in response to the changing dynamics of the global economy, trade flows, and patterns of globalization over the past two decades. These shifts include China’s growing share of global trade and a broader shift toward regionalization, sometimes driven by protectionist policies and national priorities. As Shannon O’Neil of the Council on Foreign Relations has observed, “In most places in the world, globalization translates to regionalization. This is the key to the influence of the middle powers” in the emerging world order.²⁸

More recently, surging tariffs and unilateral trade measures under the Trump administration have further reshaped the global economic order and the dynamics of international trade. These shifts have fueled debate about the future of globalization and are prompting middle powers to resort to hedging strategies, balancing relations between competing powers while strengthening their own trade partnerships. In this environment, economic security has become a growing priority to ensure resilient supply chains and reduce vulnerabilities to external shocks or trade restrictions. Going forward, middle powers are expected to prioritize strengthening regional trade agreements and frameworks to enhance their collective economic influence.

Against this backdrop, the UAE emerged as a leading advocate of globalization and free trade in 2025, positioning itself as a hub for countering protectionism and unilateralism worldwide. Its expansion of the CEPA initiative marks a major step forward in growing economic diversification and global trade. CEPA goes beyond traditional free trade agreements by fostering deeper market integration, regulatory alignment, and investment cooperation,²⁹ significantly expanding the country’s global trade network. More broadly, the UAE’s economic partnership agreements with other middle powers and emerging regional economies, including Turkey, Israel, and Jordan, reflect its commitment to rules-based free trade as a foundation for sustainable economic growth and inclusive development. The ability to forge qualitative partnerships with dynamic economies creates new opportunities across key economic sectors and expands the UAE’s global reach.³⁰

The UAE also participates in initiatives led by the BRICS group, including the New Development Bank, which focuses on infrastructure and sustainable development projects in emerging and developing economies. This provides the UAE with a platform to support its economic diversification goals.

Strategically, the UAE emphasizes that its membership in BRICS is not intended to counterbalance the influence of the United States or other Western countries, with whom it continues to deepen cooperation. Rather, engagement with BRICS and other international platforms, such as the Shanghai Cooperation Organization,

where it is a “dialogue partner,” and the G20, where it participates as a “guest,” reinforces a pragmatic commitment to multilateralism in international relations. This approach expands the UAE’s policy options through engagement with diverse organizations amid a fragmented international landscape, an unstable global economic order, and sharp partisan divisions within the United States, particularly under the Trump administration.³¹

Technology

The UAE has solidified its position as a regional leader in adopting, investing in, and developing advanced technologies. The country has prioritized integrating AI applications across all sectors, including education, health care, transportation, finance, trade, defense, security, and infrastructure. It ranks 9th worldwide in the number of AI firms per million people, underscoring its ambition to become a global hub for AI and digital transformation.³²

Despite its relatively small population, the UAE enjoys a strategic advantage, having launched its first data centers more than two decades ago through the Dubai Internet City initiative.³³ In October 2024, His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, crown prince of Abu Dhabi and chairman of the Abu Dhabi Executive Council, emphasized that the next five years will focus on developing national talent, especially in emerging sectors such as AI, autonomous systems, quantum technologies, radar systems, biotechnology, and clean energy. These sectors are pivotal for driving technological excellence and securing the UAE’s position as a global innovation leader.³⁴

In 2022, the government launched the Digital Economy Strategy, which aims to increase the contribution of internet- and technology-related goods and services from 11.7% of GDP in 2021 to over 20% by 2031. State-owned investors and enterprises like G42 “an Emirati artificial intelligence (AI) development holding company” and its subsidiaries, as well as the national telecom operator, e& (formerly Etisalat), will drive the strategy. To further these goals, the UAE established a federal Digital Economy Council, while the country’s seven emirates set up related governance bodies and technology parks to encourage innovation, such as Abu Dhabi’s Hub71, Dubai Digital Park and Internet City, and the Sharjah Research Technology and Innovation Park.³⁵

Reflecting the UAE’s digital advancements, the capital of Abu Dhabi ranked 10th in Switzerland’s International Institute for Management Development’s 2024 Smart City Index, which is three places higher than in 2023. Dubai also rose from 17th to 12th among the 142 cities included in the rankings.³⁶ To position the UAE at the forefront of AI innovation, the country also launched the UAE Strategy for Artificial Intelligence in 2017 and established the world’s first AI university, the Mohamed bin Zayed University of Artificial Intelligence, in 2019. In 2017, the UAE began to focus on boosting its digital infrastructure to support AI technologies, a phase distinguished by developing modern data centers and enhancing rapid telecommunication networks such as 5G, one of the pillars for developing AI solutions.

Artificial Intelligence

With substantial government and foreign investment in its technology sector, the UAE is poised to become a major player in the global market for artificial intelligence, data infrastructure, and cloud services. At the same time, these areas present risks due to great-power rivalries and competition from ambitious and capable neighbors.³⁷ The UAE’s reputation in this field has been bolstered by the development of several Emirati

large language models (LLMs), showcasing both its technical expertise and global ambitions. Notable examples include Jais (supporting English and Arabic), Falcon 2 (a multilingual model encompassing English, French, Spanish, German, and more), and the recently launched NANDA (focused on Hindi). These innovations underscore the UAE's role as a global frontrunner in AI, particularly through its emphasis on languages historically underrepresented in technological progress.³⁸

The UAE Strategy for Artificial Intelligence supports the objectives of UAE Centennial 2071 by accelerating development programs and projects, fully integrating AI into government services and data analysis by 2031, boosting government performance, and cultivating innovative work environments.³⁹ The UAE leadership's commitment to digital transformation reflects a growing recognition among middle powers of technology's increasing role in shaping global influence, including security, defense, economy, trade, energy, and other strategic sectors. As a result, digital-infrastructure diplomacy has become an increasingly prominent aspect of the UAE's foreign policy.⁴⁰

Speaking at the World Governments Summit hosted by Dubai in February 2025, UAE Ambassador to the United States Yousef Al Otaiba said that while the UAE has relied on oil for the past half-century, it will depend on technology and AI for the next 50 years.⁴¹ As supply chains grow more vulnerable amid international turmoil, AI, blockchain, and automation technologies are increasingly seen as critical tools to enhance security. In this context, defense officials emphasize that speed, innovation, and agility are essential, and that private companies' innovations, adaptability, and collaboration must be leveraged.⁴²

In January 2025, the Abu Dhabi Government launched the Abu Dhabi Government Digital Strategy 2025-2027 to accelerate the emirate's transition to an AI-powered government. The strategy aims to establish a robust digital infrastructure, creating a flexible and scalable foundation to achieve 100% adoption of sovereign cloud computing for government operations and digitizing and automating 100% of processes. It also calls for the development of a unified digital enterprise resource planning (ERP) platform to streamline processes and enhance productivity and efficiency.⁴³ The UAE has already introduced several AI-driven projects using blockchain technology, such as self-driving vehicles and smart health-care systems. These innovations also strengthen data protection by securing transactions and user identities through advanced encryption technologies.⁴⁴

As part of its broader technology ambitions, the UAE plans to establish AI data centers across Asia, including in India, Indonesia, Malaysia, and the Philippines. On September 18, 2024, G42 announced plans to build AI data centers in India with a dedicated capacity of 2 gigawatts — nearly double the country's current installed capacity — and to install a powerful supercomputer. That same day, the UAE joined the Global AI Infrastructure Investment Partnership, a consortium that includes leading U.S. companies such as Microsoft, BlackRock, and Global Infrastructure Partners. These initiatives highlight the UAE's ambition to expand investments in AI data centers and support energy infrastructure.⁴⁵

Coinciding with President Trump's visit to the UAE and the wider region in May 2025, and in partnership with OpenAI, Oracle, Nvidia, Cisco, and SoftBank, Stargate UAE advanced rapidly from design to construction under data center company Khazna's leadership, a critical step in the country's AI infrastructure build-out. Working closely with its partners, the team is building the first 200 megawatts of a planned 1-gigawatt mega-scale facility on an accelerated timeline. A G42 spokesperson confirmed that construction is progressing steadily and remains on track for delivery in 2026.⁴⁶

Virtual Assets

In 2022, Dubai reinforced its role as a global technology hub by establishing the Virtual Asset Regulatory Authority (VARA), the world's first independent regulator for virtual assets. This initiative positioned the country as a leading destination for technology firms by creating a stable and trustworthy digital framework for regulating virtual assets such as cryptocurrencies and non-fungible tokens (NFTs). More recently, the emirate also launched the world's first digital economy court.⁴⁷ In March 2025, Abu Dhabi announced a landmark \$2 billion investment in Binance, the world's largest cryptocurrency exchange, reflecting its ambitions to transform its digital economy and integrate blockchain technology with AI infrastructure.

Chips

Prominent entities like Emirati firm G42 and GlobalFoundries — and the last one is the world's leading chip-maker majority-owned by Mubadala Investment Company — illustrate the UAE's focus on technology as a cornerstone of its strategic and development goals, both domestically and internationally. Mubadala's 2009 investment in GlobalFoundries played a critical role in advancing semiconductor technologies. However, the country still faces challenges in the sector. While Mubadala has an 82% stake in the \$24 billion GlobalFoundries (GFS.O), the company (Mubadala) does not currently supply advanced Nvidia-like chips essential for high-performance data centers, highlighting room for growth in the UAE's semiconductor ecosystem. In November 2025, this limitation was addressed when the United States approved the export of advanced Nvidia chips to both the UAE and Saudi Arabia following sustained lobbying efforts.⁴⁸

Partnerships

The challenges surrounding advanced technology, AI, and semiconductor chips have significantly constrained the UAE's ability to maneuver amid increasing competition among global powers. In response, the UAE ultimately decided to align itself with the United States in this domain, a move highlighted by President Sheikh Mohamed bin Zayed's visit to Washington in September 2024. The visit underscored the evolving nature of the UAE's strategic partnership with the United States, moving from traditional energy-focused ties toward a dynamic partnership centered on technology and innovation. This transformation highlights the UAE's long-term strategy to diversify its economy and position itself as a driving force in emerging sectors. At the same time, it positions the UAE as a key partner for the United States in technological innovation, reinforcing its status as a global leader in technology.⁴⁹

Building on this strategic partnership, the collaboration between Microsoft and G42 to expand Kenya's digital ecosystem represents a significant qualitative leap from a U.S. perspective. Microsoft executives have expressed strong enthusiasm about the partnership's potential to enhance U.S. influence among middle and emerging powers — particularly amid ongoing strategic competition with China.⁵⁰ However, reports suggest that this project,⁵¹ announced under the Biden administration, may falter due to shifting priorities within the Trump administration and waning global momentum toward green transformation.

Still, under the second Trump administration, enhanced UAE-U.S. collaboration in AI remains a consistent theme in high-level discussions between the two countries. This was particularly evident during UAE National Security Adviser Sheikh Tahnoun bin Zayed's visit to Washington in March 2025, which coincided with the announcement of a \$1.4 trillion UAE investment framework in the United States over the next decade, covering AI, energy, and infrastructure. Additionally, in December 2025, Microsoft announced plans to invest more than \$15.2 billion in the UAE by 2029, following its \$1.5 billion injection into G42 in 2024.⁵² Meanwhile,

UAE-based MGX is set to collaborate with OpenAI, SoftBank, and Oracle in support of President Trump's ambitious AI initiative, Stargate.

All the while, the UAE is actively working to diversify its investment portfolio in the AI sector, moving beyond the binary strategic choice between Washington and Beijing. As part of this effort, the country has pursued a leadership role in AI through several key collaborations with France. In February 2025, the Polytechnic Institute of Engineering in Paris announced a research partnership with Mohamed bin Zayed University for AI, and during the same month, President Sheikh Mohamed bin Zayed Al Nahyan signed an agreement with President Emmanuel Macron of France to establish a large AI complex and data center, with investments totaling up to \$50 billion.⁵³ According to the French presidency, this facility is set to become the largest AI-focused data center in Europe.⁵⁴

At the third meeting of the UAE-France High-Level Business Council in Paris in February 2025, the two nations also forged a partnership between Abu Dhabi Ports Group and the French company Pascal, emphasizing the adoption of AI models for quantum computing, process optimization, and co-development.⁵⁵

The UAE has also extended its cooperation with European partners to Italy. During President Sheikh Mohamed bin Zayed Al Nahyan's visit in February 2025, the two countries agreed on a \$40 billion partnership covering AI, quantum computing, advanced manufacturing, energy, and more.⁵⁶ These investments leverage Italy's expertise in robotics and automation, which complements the UAE's bold vision for innovation. However, this ambitious agenda requires the development of a robust, sustainable, and comprehensive scientific, engineering, and industrial infrastructure that focuses on scientific research, development, and the cultivation of qualified national talent. While the UAE is making significant strides in these areas, the country still needs to strengthen its domestic capabilities in AI and contend with strong regional competitors, particularly Israel and Saudi Arabia.

As part of its strategy to hedge against global uncertainty, the UAE has taken note of Chinese startup DeepSeek's progress. The company has developed AI models that perform nearly as well as those of leading U.S. technology giants, but with significantly lower computational requirements, resulting in substantial energy savings. UAE technology officials cite DeepSeek's advancements as a reminder of the global competitiveness and openness that still define the AI landscape.⁵⁷

Space Industry

The UAE views space not merely as an exploratory domain but as a critical pillar of communications, defense infrastructure, and global security. UAE Minister of State for Defense Affairs Mohamed bin Mubarak Fadhel Al Mazrouei has stressed that the key question is no longer whether space will impact security but how to ensure it can be used responsibly and strategically for the benefit of humanity.⁵⁸ This perspective underpins the UAE's commitment to the peaceful exploration of space as well as its focus on innovation and the development of forward-looking policies that balance technological progress with the imperatives of national and global security in this rapidly evolving domain.

Through a series of strategic initiatives, the UAE has secured a leadership role in the regional space industry, localizing science, technology, and services while integrating space exploration into its broader power-building model. This has reinforced its transformation from a small nation on the periphery of international relations to a rising middle power. Following the successes of the UAE Mars Exploration Project in 2021 and the UAE Lunar Exploration Project, the nation reached another historic milestone with the September 2023 completion of the first long-term mission by an Arab astronaut, further cementing the nation's status as a

pioneer in space exploration. With the return of Emirati astronaut Sultan Al Neyadi to Earth, the UAE celebrated a historic achievement. During “Zayed Ambition 2,” Al Neyadi successfully spent six months aboard the International Space Station (ISS), achieving numerous scientific milestones. Most notably, Al Neyadi conducted a spacewalk outside the ISS, becoming the first Arab to do so. Entities like G42, whose subsidiary Space42 is spearheading cutting-edge projects, play a central role in advancing the UAE’s innovation in space.

Building on its domestic achievements in space innovation, the UAE has strengthened international cooperation, particularly with the United States. This partnership reflects the UAE’s broader vision to prepare for a future in which space science plays a pivotal role across various domains, including advancing agriculture, addressing climate change, managing natural disasters, enhancing solar and wind energy capabilities, improving weather forecasting, and supporting risk management for insurance companies, among other applications.

Projects include the Emirates Mission to the Asteroid Belt, a collaboration between the UAE and the University of Colorado Boulder’s Laboratory for Atmospheric and Space Physics. This will be the first multi-asteroid mission to explore the main asteroid belt between Mars and Jupiter. More broadly, during their meeting at the White House in September 2024, UAE President Sheikh Mohamed bin Zayed and then-U.S. President Joe Biden reaffirmed their commitment to the principles of the Artemis Accords, which advocate for the peaceful exploration and use of outer space. Both leaders also pledged to uphold the Outer Space Treaty, which prohibits the deployment of nuclear or other weapons of mass destruction in Earth’s orbit.⁵⁹ By championing global space governance and actively participating in international agreements, the UAE strengthens its position as a middle power committed to global peace.

Energy and Climate

As the greater region transitions to clean and renewable energy, the UAE is poised to become a hub for carbon capture, storage, and sequestration projects. Already, it has distinguished itself as a leader in sustainability, becoming the first country in the Middle East and North Africa to commit to achieving climate neutrality (an economy with net-zero greenhouse gas emissions) by 2050. However, achieving this goal requires collaborative efforts through large-scale initiatives.

The UAE plays a critical role in supporting the implementation of numerous clean energy and infrastructure projects worldwide,⁶⁰ including promoting the deployment of renewable energy solutions in developing nations. In January 2023, the UAE and the United States launched the first phase of a strategic initiative to invest \$100 billion in global clean energy projects.⁶¹ The initial phase allocated \$20 billion to finance projects in the United States, with a target production capacity of 15 gigawatts by 2035. That same month, the UAE and South Korea reached an agreement to establish a Comprehensive Strategic Energy Partnership aiming to enhance cooperation in clean energy, including the production of hydrogen and ammonia, the development of clean energy infrastructure, and the creation of industrial ecosystems for renewable energy.

In parallel, the UAE has pursued a broader strategy aligning national security with sustainable economic development. The country has invested heavily in mining projects across Africa and, to a lesser extent, Latin America. As the world shifts to electric vehicles (EVs), renewable power, and high-tech manufacturing, demand for lithium, cobalt, copper, nickel, rare-earth elements, and other critical minerals is soaring. While Gulf states remain marginal producers for the time being, they are scaling up their critical-mineral ambitions through a combination of overseas acquisitions, domestic initiatives, and strategic partnerships.⁶² These

efforts help the UAE adapt to the global shift toward renewable energy while supporting its broader industrialization and economic diversification goals.

As an energy producer, the UAE has played a key role in stabilizing energy prices, alongside other Gulf Cooperation Council (GCC) countries. This contribution has been especially important amid increasing geopolitical tensions between Russia and Western nations, particularly following the onset of the Russia-Ukraine war. Through pragmatic policies, especially within the context of the OPEC+ oil cartel, the GCC countries have helped mitigate price volatility and ensure a stable energy supply. This approach not only strengthens these countries' economies but also positions them as responsible actors in the global economic system.⁶³

In its endeavor to strengthen its position as a global leader in environmental and social governance, the UAE has achieved several notable milestones. It now boasts the world's lowest-cost solar energy production capacity and is home to three of the largest and most cost-effective solar power plants globally. Additionally, it is the first country in the region to use nuclear power for electricity generation and the first to develop and implement industrial-scale carbon capture, utilization, and storage mechanisms.

In January 2025, Abu Dhabi Future Energy Company (Masdar) and Emirates Water and Electricity launched the world's largest solar and battery storage project in Abu Dhabi, the first initiative of its kind. Around the same time, Dubai inaugurated the second phase of its Green Data Center, the world's largest solar-powered data center, located at the Mohammed bin Rashid Al Maktoum Solar Park, itself the largest single-site solar park in the world. Led by Data Center Integrated Solutions (Morrow), a subsidiary of the digital arm of Dubai Electricity and Water Authority (DEWA), DEWA Digital Group, the project's first phase launched in 2023.⁶⁴

During COP28, hosted by Dubai in 2023, the "UAE Consensus"⁶⁵ was adopted by 198 countries, marking a significant moment in global efforts to combat climate change. The UAE Consensus was the first Global Stocktake (GST), setting out the ambitious actions needed to keep 1.5°C within reach. The UAE Consensus includes an unprecedented reference to transitioning away from all fossil fuels in energy systems, in a just, orderly and equitable manner in this critical decade to enable the world to reach net zero emissions by 2050, in keeping with the science.⁶⁶

Furthermore, through its leadership of the COP Presidencies Troika initiative, in partnership with Azerbaijan and Brazil, the UAE continues to champion a comprehensive global response to climate change. This includes maintaining the goal of limiting global warming to 1.5 degrees Celsius.

Overall, the UAE advocates for effective, comprehensive, and adaptable strategies to address global challenges, emphasizing the importance of proactive efforts to tackle the climate crisis — arguably the most pressing challenge of our time. Initiatives emphasize collective action and the use of technology, including AI, to achieve sustainable development goals and provide access to clean water for all. In 2026, the UAE is set to co-host the United Nations Water Conference with the Republic of Senegal. This event aims to accelerate the implementation of UN Sustainable Development Goal 6 ("ensure availability and sustainable management of water and sanitation for all"), promote global dialogue, and provide a key platform for sharing innovative practices.⁶⁷ Focusing on the transformative role of technology, collaboration, and data in accelerating decarbonization and driving the global energy transition — particularly through agricultural innovation and hydrogen development — the UAE announced a major initiative in November 2024 during COP29 in Azerbaijan. The country unveiled the world's first prototype of the popular AI tool ChatGPT tailored for the agricultural community. Named CHAG (Chat and Ag), the tool is fully accessible to users and built on over 50 years of research data. The UAE expects CHAG to transform the lives of farmers worldwide, particularly those facing challenging climatic conditions.⁶⁸

At the same time, the UAE is leveraging strategic collaboration between ADNOC (Abu Dhabi National Oil Company), Masdar “a subsidiary of the state-owned Mubadala Investment Company”, G42, and Microsoft to harness the potential of advanced AI technologies in the energy sector. This partnership aims to keep pace with rapid global changes, drive a qualitative leap in the energy sector, and promote low-carbon energy solutions to power the infrastructure necessary to support AI systems.⁶⁹

Additionally, as a significant contributor to greenhouse gas emissions, the transportation sector plays a pivotal role in the shift toward sustainability. To promote the adoption of electric, hydrogen, and natural gas vehicles, the UAE has launched various initiatives,⁷⁰ alongside enhancing mass transit systems. In early 2025, the country unveiled an ambitious plan to achieve emission-free public transportation by 2050, becoming the first country in the Middle East and North Africa to develop a comprehensive zero-emission strategy for public transit and related infrastructure. Already, the UAE has converted 20% of its government fleet to electric vehicles and aims to have 42,000 EVs on its roads by 2030. To support this transition, the “EV Green Charger” initiative was introduced, expanding charging infrastructure across the country in alignment with the national Green Mobility Strategy 2030.⁷¹

Building on its domestic investments, the UAE has also demonstrated a clear interest in attracting Chinese investment in green technology, EVs, and renewable energy.⁷² Dubai Chambers operates 31 representative offices worldwide, including three in China—Shanghai, Shenzhen, and Hong Kong—to attract more investments. There is increasing interest from Chinese renewable energy and EV companies looking to expand their presence in the UAE.⁷³ At the same time, during a meeting at the White House in September 2024, UAE President Sheikh Mohamed bin Zayed and then-U.S. President Biden emphasized the importance of continued collaboration on strategic investments in hard infrastructure and critical mineral supply chains in Africa and other emerging markets. These investments aim to diversify sources of critical minerals, which are essential for clean energy and advanced technologies, including batteries, wind turbines, semiconductors, and EVs.⁷⁴

The UAE’s approach to the global energy challenge is rooted in the belief that no single source can meet the world’s growing energy needs. This perspective highlights the importance of rejecting the false dichotomy between energy access and sustainability. In the words of Sultan Ahmed Al Jaber, UAE minister of industry and advanced technology and chairman of Abu Dhabi Future Energy Company (Masdar), “Such thinking impedes and slows progress; energy and sustainability are not opposites, but complementary partners that require a new path bringing them together.”⁷⁵

Food Security

Food security is a cornerstone of the UAE’s foreign investment strategy. The country’s approach centers on efforts to diversify its food sources, prompted by key challenges such as price volatility, weather dependency, and geopolitical fluctuations. Reflecting this commitment, Al Dahra — a global agricultural company based in Abu Dhabi and partially owned by ADQ (Abu Dhabi’s sovereign wealth fund)⁷⁶ — has established a presence on nearly every continent.⁷⁷

GCC countries import approximately 85% of their food, making the Gulf region particularly vulnerable to supply chain disruptions.⁷⁸ As a result, food security is a key focus in the UAE’s global partnerships. A notable example is the \$7 billion UAE-India food security corridor, launched on February 18, 2022, as part of the Comprehensive Economic Partnership Agreement between the two nations, which took effect on May 1, 2022. This strategic initiative not only bolsters food security in the UAE but also enhances agricultural productivity

in India,⁷⁹ connecting Indian farms directly to UAE ports and covering all stages of the food production chain.

UAE Minister of Climate Change and Environment Dr. Amna Al Dahak highlighted the COP28 Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action, issued in 2023, as a key milestone in efforts to transform food systems into sustainable models capable of providing food for all. She also emphasized the importance of collaborative initiatives, such as the Agriculture Innovation Mission for Climate, launched by the UAE in partnership with the United States. According to Dr. Al Dahak, the initiative reflects the UAE's pioneering approach, particularly in sustainable aquaculture and fisheries, and demonstrates its commitment to responsibly enhancing its resources.⁸⁰

Ties with the United States

UAE-U.S. relations remain strategically robust but increasingly conditional, anchored in defense cooperation, regional security, and deep economic ties. The UAE continues to host key U.S. military assets and relies on American defense systems, while joint efforts span counterterrorism, maritime security, and freedom of navigation.

The Israel-Hamas war and its regional spillovers exposed both convergence and divergence in the relationship. While Abu Dhabi aligned with Washington on de-escalation and humanitarian access, differences emerged over the political endgame, particularly regarding Palestinian statehood.

Economically, cooperation remains strong and is expanding into AI, advanced technologies, and clean energy, though increasingly constrained by tighter U.S. regulatory guardrails. Overall, the relationship reflects a shift toward pragmatic, interest-based cooperation, with the UAE hedging for greater autonomy while the United States remains its indispensable — though no longer exclusive — strategic partner.

U.S. export controls on advanced chips will continue to influence AI ambitions in the Middle East, but they are unlikely to fully stifle them, as demonstrated by the UAE. Public reports reveal that the United States has authorized the sale of advanced chips to the UAE's G42,⁸¹ reflecting the triumph of zero-sum logic driving U.S.-China competition in AI, semiconductors, and quantum computing.

Against the backdrop of its evolving partnership with the United States, the UAE is uniquely positioned to support the development of infrastructure for next-generation AI models. As a major energy exporter, the second-largest Arab economy, and a nation with a robust sovereign wealth fund, it's playing a growing role in the Middle East's technology sector while also presenting a compelling opportunity for U.S. technology firms to expand operations and leverage Gulf investments to bolster their competitive edge.

In this context, safeguards, standards, and security measures should not be viewed as barriers to collaboration with Gulf partners. Rather, they should be framed as enablers of mutual benefits, providing a foundation for secure and resilient partnerships between middle powers and global leaders.

Finally, the expansion of BRICS should not be interpreted solely as an indicator of China's growing influence. Instead, U.S. policymakers should reassess global engagement by examining the underlying drivers behind such shifts away from the West, rather than viewing them as explicitly anti-Western. The UAE's decision to attend the BRICS summit in Kazan in October 2024 — just weeks after being designated a "major defense partner" of the United States alongside India — underscores its intention to maintain close ties with Washington while adapting to an increasingly multidimensional global landscape.⁸²

Similarly, in November 2024, the UAE participated as a guest country in the G20 summit in Brazil, where it

pledged \$100 million to the newly established Global Alliance Against Hunger and Poverty. This act of multilateral engagement reflects broader trends in UAE policy, including its cooperation with India since August 2023 to settle bilateral deals — such as crude oil transactions — in local currencies rather than U.S. dollars. The UAE has also expanded educational exchange programs with China and, in 2023, completed its first liquified natural gas purchase in yuan.

While these actions might appear politically contradictory, potentially signaling de-dollarization efforts or sanctions evasion, they can also be understood as pragmatic measures aimed at simplifying trade and reducing currency conversion costs.⁸³ This nuanced approach underscores the UAE's emphasis on diversification and pluralism, aligning its economic choices with national interests rather than political blocs.

While the United States currently enjoys the strategic advantage of having most middle powers as friends and allies, it must adapt its approach to sustain this edge. This study recommends that Washington recalibrate its approach to safeguard its numerous strategic advantages and maintain global influence in an evolving international environment where multilateralism plays a central role. Middle powers today share common traits of centrism and pragmatism, and their national interests are increasingly recognized as no less significant than those of major powers — even those that provide them with strategic services in vital areas such as national security and sovereignty.

Ties with China

Since 2018, UAE-China relations have deepened into a comprehensive strategic partnership centered on trade, investment, logistics, and advanced technology. Today, China is the UAE's largest trading partner, and the Emirates serve as a critical hub for Chinese commercial flows linking Asia with the Middle East, Africa, and Europe. Cooperation spans energy, ports, industrial zones, and infrastructure, aligning closely with China's Belt and Road Initiative (BRI) and the UAE's ambition to position itself as a global hub for connectivity. In recent years, these ties have expanded into digital infrastructure, AI, renewable energy, and space cooperation, reflecting converging economic interests.

At the same time, Abu Dhabi carefully manages the relationship within its broader hedging strategy. The UAE seeks to benefit from Chinese capital and technology while avoiding strategic overdependence or actions that could trigger friction with Western partners. As such, UAE-China ties are best understood as economically expansive but strategically calibrated, embedded within the UAE's multi-aligned foreign policy.

The UAE and China do not have identical objectives; in fact, in some cases, they are direct competitors, particularly in East and Central Africa. In places such as Rwanda, Puntland, Mozambique, Guinea, and Senegal, the UAE's economic engagement predates even the BRI, China's transnational connectivity initiative. Today, however, Sino-Emirati interaction across the continent reflects a mix of competition and collaboration, as both countries quietly vie for concessions and projects while also pursuing complementary interests. For both, expanding trade and investment with Africa remain a priority.⁸⁴

Yet economic engagement alone cannot substitute for security partnerships. Middle and smaller powers continue to rely on a superpower for defense cooperation, security guarantees, and advanced weaponry. In this context, China and Russia continue to fall short compared to the United States. This disparity is reflected in the tepid Gulf response to China's Global Security Initiative, first introduced by President Xi Jinping at the Boao Forum for Asia in April 2022. The initiative, which challenges U.S.-led security alliances, has failed to gain traction among Arab Gulf states, many of which remain steadfast U.S. allies.

More broadly, none of China's initiatives have adequately addressed the core security concerns of the Gulf Arab states. Although China's engagement with the region has grown significantly compared to two decades ago, its role remains selective. Diplomatically, China has shifted from a cautious stance to a more active role, as demonstrated by its successful mediation of the Saudi-Iranian normalization agreement in March 2023. Nevertheless, Houthi attacks on shipping in the Red Sea following the Israel-Hamas war underscored China's reluctance to participate in bilateral or multilateral security arrangements. The Houthi attacks violated the spirit of the Saudi-Iranian agreement brokered by China, which aimed to de-escalate tensions in the region. With the outbreak of the US-Israeli war with Iran on February 28, 2026, the Beijing-brokered agreement was eroded by Iranian missile and drone strikes against Gulf states, including Saudi Arabia. Despite this war, Beijing did not take serious action to prevent the collapse of the agreement it had brokered. This has tempered optimism generated by the Saudi-Iranian deal and reaffirmed Beijing's longstanding policy of nonalignment.⁸⁵

By contrast, the UAE has adopted a more flexible approach in its dealings with China, focusing on sectors such as renewable energy, trade, telecommunications, EVs, and BRI infrastructure projects. While recognizing the difficulty of separating commercial interests from strategic considerations — especially amid intensifying great-power rivalry — the UAE has emphasized that certain forms of cooperation with China, such as its membership in BRICS, are driven purely by economic rather than geopolitical considerations.⁸⁶

UAE Resilience as a Middle Power in Times of Crisis

The current Iran crisis may impose short-term pressures on certain pillars underpinning the United Arab Emirates' role as a middle power, particularly with regard to its image as a safe haven and the fluidity of economic activity. However, such pressures are unlikely to reach the level of structural impact.

Thanks to substantial fiscal buffers, advanced economic diversification and strong institutional capacity for crisis management, these challenges appear more akin to a transitional test – one that is being managed efficiently and may ultimately reaffirm the UAE's position as a node of stability and a balancing actor within a turbulent regional environment.

In this context, the crisis emerges fundamentally as a test of resilience, institutional competence and strategic agility in responding to pressure. Effective crisis management and the preservation of stability may therefore reinforce the country's standing, further consolidating its role as a trusted hub for stability.

The UAE has, regrettably, borne the largest share of Iranian missile and drone attacks. Nevertheless, it has successfully intercepted the overwhelming majority of these threats with high efficiency and minimal damage. Despite the sudden escalation, the UAE demonstrated clear preparedness, and its long-term investments in diverse and advanced defense capabilities over the past two decades have proven well-placed – strengthening its profile as a capable middle power amid a complex regional crisis with broader implications for the global economy.

War is not a preferred option for the UAE, and it is natural for such a conflict to entail its own military and economic constraints and pressures. The central challenge lies in managing these pressures in a manner that preserves the country's developmental model. The UAE – particularly Dubai – has previously navigated comparable crises, including the global financial crisis and the COVID-19 pandemic, during which recurring narratives of a “Dubai bubble,” “expatriate exodus” and “capital flight” ultimately proved unfounded.

While the current Iran war presents a serious challenge, the UAE government has demonstrated cohesion and institutional effectiveness, earning recognition from over one hundred countries that have engaged with Emirati leadership to express solidarity and confidence in the measures undertaken. These measures have not only safeguarded Emirati citizens and national assets, but also protected residents of diverse nationalities, whose daily lives – though affected to varying degrees – have largely continued without major disruption.

As a middle power, the UAE possesses the financial, logistical, institutional, defensive and diplomatic capabilities necessary to sustain its position as a vital hub for trade, investment and work, as well as a trusted strategic node in an uncertain environment. While middle powers may incur costs during crises, they often emerge stronger once these crises subside – armed with strategic lessons that inform greater investment in risk mitigation, adaptive strategies and the recalibration of priorities. This trajectory stands in clear contrast to narratives of “collapse” or loss of status.

It is likely that Iran miscalculated and did not anticipate the UAE’s level of resilience in confronting these attacks – a resilience that is both multidimensional and enduring, even as the UAE does not seek to prolong or expand the conflict. Taken together, these dynamics suggest that the UAE’s position as a middle power has not been fundamentally weakened by the war; on the contrary, it may well be reinforced in the post-conflict phase, particularly if Iranian threats are effectively managed by the international community, especially with regard to the Strait of Hormuz.

Conclusion and Recommendations

The UAE continues to consolidate its position as an emerging middle power by leveraging its comparative advantages: abundant energy resources, advanced infrastructure and logistics, robust capital and investment capacities, active engagement in climate action, proactive diplomacy, and regional leadership in AI and digital infrastructure development. Through its multilateral foreign policy, the UAE champions an international order in which major world powers cooperate to avoid confrontation, conflict, and zero-sum dynamics.

The UAE’s relative ability to avoid being forced into drastic binary choices among competing great powers affords it a wider margin for maneuvering, allowing it to expand its interests, diversify its partnerships, and contribute to shaping new norms in international relations. Despite the UAE’s close ties to the United States in defense, security, and technology, its trade options with China remain thriving. This approach demonstrates that close relations with one global power need not come at the expense of another. Such norm-setting is increasingly relevant in the context of the “interdependence-polarization” dichotomy shaping today’s international system. In February 2024, Khaldoon Al Mubarak, CEO of Mubadala Investment Company — a major investor in AI and emerging technologies — emphasized the UAE’s commitment to this strategy, stating that the country’s investment strategy would be guided by the attractiveness of opportunities in key markets rather than by geopolitical considerations.⁸⁷

A key element of the UAE’s strategy is diversifying its strategic partnerships and comprehensive economic agreements with both advanced and emerging economies. As an emerging middle power, Abu Dhabi believes it can act as a stabilizing force within international multilateralism, providing incentives to encourage major powers to avoid confrontation and adapt to a rapidly changing global environment in which cooperation is more beneficial than conflict. This approach underscores the belief that addressing contentious issues requires openness and engagement rather than isolation or noncooperation.

At the same time, many analysts contend that the geopolitical landscape is being reshaped by the rise of

the Global South, as economic power and influence shifts from traditional Western centers to emerging economies around the world.⁸⁸ As technology and AI increasingly shape economic power and leadership, competition among global powers is intensifying. This rivalry often manifests as a tug-of-war for alliances and partnerships, exacerbating global tensions.

These dynamics have fueled growing concern in Washington that losing technology leadership could undermine U.S. global hegemony.⁸⁹ Such anxieties complicate efforts to pursue conciliatory approaches in managing global power rivalries.

This raises a central question: Will escalating competition between the United States and China inevitably lead to a clash — the so-called Thucydides Trap⁹⁰ — fueled by exaggeration, mistrust, and zero-sum calculations? While some fear such a conflict is inevitable, others argue that cooperation and shared hegemony remain possible.

Proponents of a cooperative approach highlight three key reasons why the United States and China might not only work together on critical issues but also share sovereignty and hegemony:⁹¹

1. Economic Costs of Conflict: A clash would severely harm both the U.S. and Chinese economies, as well as the global economy. The possible costs of such a conflict outweigh any potential gains.

2. China's stake in the current world order: Over the past four decades, China has benefited immensely from the current world order, transforming from a developing nation into a global superpower and approaching the status of the world's largest economy. This raises an important question: Why would China seek to reshape the very system that enabled its rise?

3. Lessons from the Russia-Ukraine war: The ongoing Russia-Ukraine war has illustrated the devastating global economic costs of great-power conflict, including disruptions to food security, supply chains, energy markets, and inflation. These repercussions serve as a cautionary example of the potential consequences of a U.S.-China clash, reinforcing the case for shared hegemony as a more viable path. In Trump's second term, Washington's approach to these issues will be tested, shaping the patterns of great-power interactions for at least the remainder of the decade.

Whatever happens, across advanced technology and artificial intelligence, climate action and decarbonization, and international trade and tariffs, the UAE — alongside other like-minded middle powers — is probably positioned to play a pivotal role in promoting international cooperation rather than division. Hosting COP28 in 2023 showcased the UAE's significant negotiation and diplomatic capabilities as it effectively reconciled conflicting views on the energy transition. The conference highlighted the country's ability to help shape an inclusive global agenda supportive of climate action.

Going forward, middle powers, including the UAE, also have an opportunity to demonstrate that initiatives like the BRI and IMEC can be complementary rather than contradictory. In doing so, they can help bridge gaps and foster economic and strategic integration across competing initiatives.

Countries such as the UAE, Saudi Arabia, Egypt, Turkey, Oman, and Qatar are likewise well positioned to revitalize de-escalation and pacification in global conflict resolution. Their ability to engage across divides could enable them to support efforts to mediate reconciliation between Russia and Ukraine, facilitate dialogue between Israel and Iran, and support political transitions in Sudan, Libya, Syria, Lebanon, and Yemen. By leveraging their strategic interests and capacity to work with diverse regional and international stakeholders, these middle powers can play a crucial role in narrowing divisions among competing global powers and

fostering stability in an increasingly polarized world.

Despite occasional controversy, criticism, and skepticism — particularly in Western circles — the UAE continues to position itself as an emerging middle power within a dynamic international system. Its ability to balance competing interests reflects a broader strategy of fostering opportunities and strengthening its global influence.

Looking ahead, a critical question remains: Will emerging middle powers like the UAE serve as mediators and compromise-builders in the face of global power rivalries? Or will they eventually be compelled to align with a specific bloc, thus deepening global divisions — especially if competition escalates into open confrontation?

Statements and views expressed in this commentary are solely those of the authors and do not imply endorsement by Harvard University, the Harvard Kennedy School, or the Belfer Center for Science and International Affairs.

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