

## Asian partnerships and alternative corridors: Abu Dhabi's strategy to escape the Gulf umbrella



The outbreak of the US-Israeli war against Iran, followed by the imposition of a blockade and the near-total closure of the Strait of Hormuz now in its 11th week, marks a structural turning point in the UAE's national security calculations. The closure of the strait and the reciprocal maritime blockade operations in the passage through which about 20 percent of globally transported oil and gas supplies had passed before the crisis caused the largest disruption to energy supplies in history, with global supply falling by between 12 million and 15 million barrels per day.

This shipping paralysis, coupled with the Iranian Revolutionary Guard's expansion of its declared sphere of control and its targeting of vital Emirati facilities such as Fujairah Port and the Barakah nuclear plant with drones and missiles, pushed oil prices above \$112 for Brent and \$105 for West Texas Intermediate, amid bank forecasts that they could reach \$150 if the crisis continues. These developments have brought a fundamental question back to the fore: Is traditional Gulf geography still sufficient to secure Abu Dhabi's economic future?

The Emirati answer appears clearer in its actions than in its words: a calculated expansion toward Asia, a rapid build-out of a network of alternative trade corridors, and a diversification of financial and investment partnerships beyond

the inherited Gulf framework. This economic shift intersects with a slow redrawing of the regional alliance map, most notably in the UAE's announcement on April 28, 2026, that it would leave OPEC and OPEC+ effective May 1, a move many analysts read as an open break with the Gulf economic decision-making system led by Saudi Arabia, with risks that may not be obvious at first glance.

The UAE's turn toward Asia did not begin with the latest developments, but this war accelerated what had been taking shape slowly over years. According to figures from January 2026, the Emirati economy is expected to be among the fastest-growing in 2026, with Abu Dhabi's non-oil trade jumping 35 percent in the first half of 2025 to reach 195.4 billion dirhams. Bank estimates indicate total foreign trade could approach \$1 trillion by 2026, with Asian corridors expected to account for one-third of that trade.

This shift is expressed most clearly through the UAE's Comprehensive Economic Partnership Agreements program, or CEPA, launched in September 2021. By mid-2025, the number of agreements had reached 27, 10 of which had already entered into force with India, Indonesia, Turkey, Cambodia, Georgia, Costa Rica, Mauritius, Serbia, Jordan, and Israel.

#### India: The cornerstone of the Emirati shift

The Comprehensive Economic Partnership Agreement with India signed in May 2022 represents the cornerstone of the UAE's new strategy. Bilateral trade between the two countries surged to more than \$100 billion in fiscal year 2024-25, five years ahead of schedule, prompting both countries in January 2026 to raise their ambitions to \$200 billion by 2032.

Notably, non-oil trade grew 34 percent year over year in the first half of 2025 to reach \$38 billion, signaling that the relationship is no longer based solely on oil and its derivatives, but has expanded to include electronics, up 32.4 percent, engineering products, pharmaceuticals, and services. Yet the most ambitious project — the India-Middle East-Europe Economic Corridor, or IMEC, linking India to Europe via the UAE, Saudi Arabia, and Israel — faces real obstacles.

With the UAE-Israeli branch effectively stalled since late 2023 because of the war on Gaza, Abu Dhabi now finds itself compelled to look for alternative routes to implement a project expected to cut transit times between Asia and Europe by 40 percent, from 20 days to 12, and generate \$20 billion annually in trade facilitation.

#### South Korea: A gateway to advanced technology

This May, the Comprehensive Economic Partnership Agreement between the UAE and South Korea entered into force, eliminating or reducing tariffs on 91.2

percent of goods traded between the two countries. Non-oil trade between them reached \$6.9 billion in 2025, with expectations of notable growth as the agreement moves into full implementation.

The strategic importance of this agreement lies in the fact that it opens a gateway for the UAE to one of the world's most advanced economies in semiconductors, artificial intelligence, and advanced manufacturing. At a notable moment, Qatar also moved to strengthen its ties with Seoul in the same weeks, in what can be read as a Gulf race toward the Far East.

### Vietnam and Indonesia: Expanding into Southeast Asia

In November 2025, the UAE signed another Comprehensive Economic Partnership Agreement, this time with Vietnam. Under the deal, the UAE will eliminate tariffs on 99 percent of Vietnamese exports, while Vietnam will eliminate tariffs on 98.5 percent of Emirati exports. The agreement also extends to tourism and investment, with ADQ, one of Abu Dhabi's sovereign wealth funds, signing agreements to explore investment opportunities in Vietnam.

As for Indonesia, the largest economy in Southeast Asia, its agreement with the UAE entered into force in September 2023, and trade between the two countries has grown by more than 15 percent since then, with a target of reaching \$10 billion in non-oil trade by 2027. What distinguishes this agreement is that it includes provisions specific to the Islamic economy and digital trade, a step that reflects Emirati awareness of the nature of emerging Asian markets.

It appears the UAE is not using trade and investment solely as economic tools, but also as instruments for building long-term political influence. The presence of ADQ, Mubadala, and the Abu Dhabi Investment Authority in Asian markets, alongside the expansion of DP World in ports from Indonesia to India, is producing a network of intertwined interests that makes Abu Dhabi a key player in the security and economic equations of the Indian and Pacific oceans.

### China: The partner that unsettles Washington

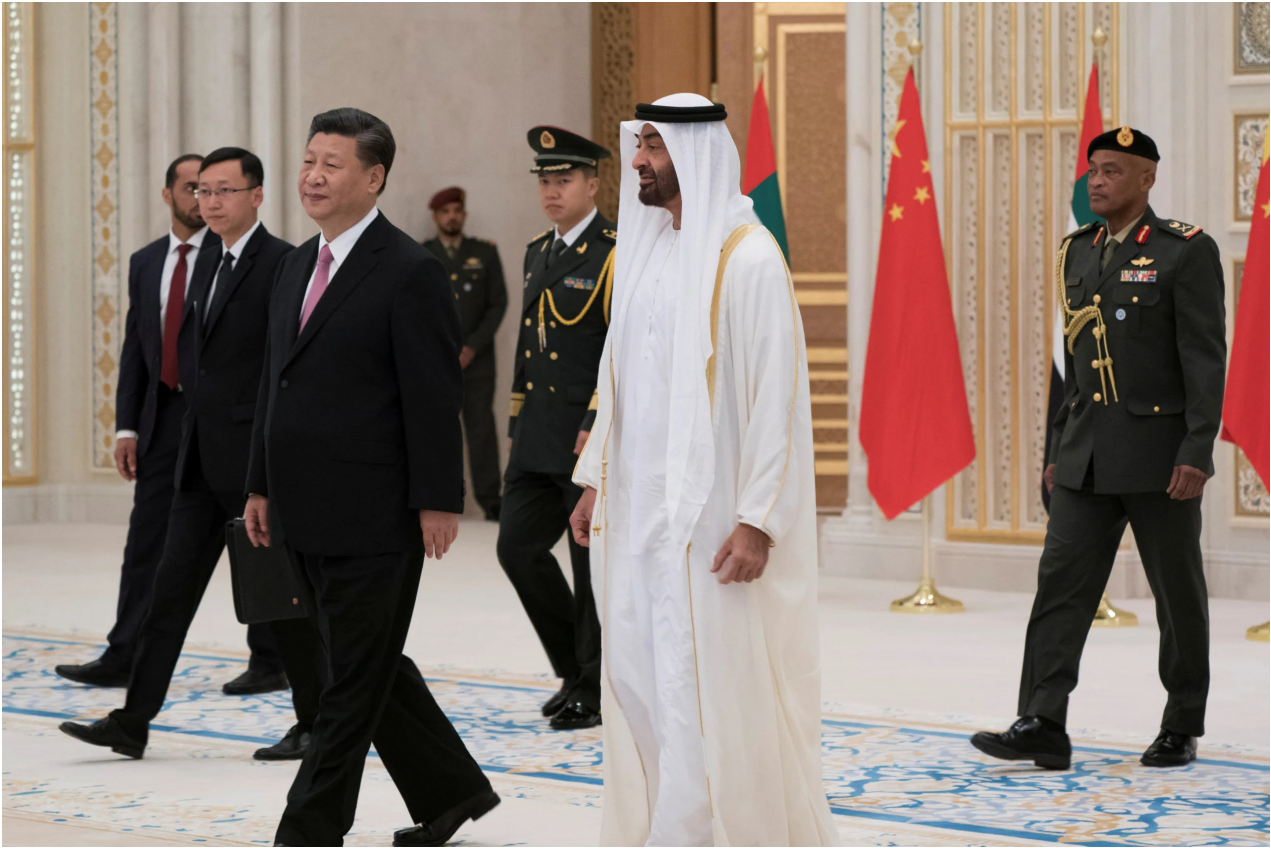
It is worth recalling that in the aftermath of the Houthi attacks on the UAE in January 2022, which included Abu Dhabi airport and the Musaffah industrial area, US satellites detected deep excavation and mysterious construction inside a container terminal operated by China's COSCO at Khalifa Port. This was followed by direct contact from then-President Joe Biden with Abu Dhabi Crown Prince Mohammed bin Zayed in phone calls warning him that a Chinese military presence in the UAE would threaten the historic partnership between the two countries.

Despite the UAE's announcement that it had suspended the project, US

intelligence reports later leaked through Discord documents in 2023 indicated that Washington continued to monitor the return of some activities linked to the Chinese military at the same site. The exposure of this project disrupted and delayed sensitive military deals the UAE had sought to complete with Washington, most notably the purchase of F-35 fighter jets and MQ-9 drones. This facility places Abu Dhabi in a delicate position that requires balancing its deep security partnership with the United States on one hand and its growing economic and strategic ties with Beijing on the other. Washington insists on imposing extremely strict security restrictions and conditions to protect sensitive F-35 technology from any potential Chinese breach or espionage, especially as economic and technological ties between the UAE and Beijing, such as Huawei's 5G networks, continue to grow.

Despite close cooperation in other areas such as artificial intelligence, the security gap related to the alleged Chinese project at Khalifa Port has left a crisis of trust that remains difficult for lawmakers in the US Congress to overcome to this day.

On the other side, China has remained the UAE's top trading partner for years. Bilateral trade between the two countries reached \$101.8 billion in 2024, up from \$80 billion in 2023, with expectations that it will exceed \$200 billion by 2030. Behind this growth is a network of more than 14,500 Chinese commercial licenses in the UAE, more than 6,591 registered Chinese trademarks, and more than 148 bilateral agreements and memorandums of understanding across multiple sectors.



Cooperation between the two countries has gone beyond traditional trade to include central bank digital currencies, a \$4.9 billion currency swap agreement renewed for an additional five years, and the establishment of the first joint investment fund between China and Middle Eastern countries. In the advanced technology sector, the UAE-China Entrepreneurs Forum was held in Shanghai in December 2025 with the participation of more than 60 Chinese startups in advanced technology, where agreements were signed targeting artificial intelligence, renewable energy, and advanced manufacturing.

This dense relationship unsettles Washington, especially on issues related to artificial intelligence, semiconductors, and digital infrastructure. Yet Abu Dhabi insists that its relationship with Beijing is purely economic and not a substitute for its close security alliance with Washington and Tel Aviv — an equation that can endure so long as the Chinese-American confrontation does not escalate to a level that forces the UAE to choose.

If China is the leading partner in terms of scale, India represents the most aligned partner in terms of strategic depth. The UAE-India relationship goes beyond trade to include security and defense cooperation, as evidenced by joint naval exercises, Zayed Talwar/Gulf Waves, and the holding of the second UAE-India Defense Industry Partnership Forum in July 2025, which examined joint production and technology exchange in unmanned systems, artificial

intelligence, and naval platforms.

The large Indian community in the UAE, about 3.5 million people, also forms a social and cultural bond that strengthens the relationship. Economically, the UAE-India corridor is now expanding toward third markets in Africa and Eurasia, signaling that the ambition goes beyond a bilateral relationship toward building a multilateral economic system.

Is the UAE breaking away from the Gulf system?

On April 28, 2026, the UAE announced a historic decision to leave OPEC and the OPEC+ alliance effective May 1, depriving the organization of its third-largest oil producer, with production capacity of about 5 million barrels per day.

The announcement came at a highly significant moment, while Gulf leaders were meeting in Jeddah at a summit described as aiming to show a unified Gulf position on the US-Israeli war against Iran. Notably, the UAE did not participate in the summit through its president, Mohammed bin Zayed, sending only its foreign minister.

A senior Emirati official described the decision as having “been a long time coming,” indicating that discussions around it had taken place within Emirati decision-making circles and between Abu Dhabi and Washington for years. In essence, the move was less a surprise than the culmination of accumulated differences between Riyadh and Abu Dhabi over oil production policies since at least 2020.

The dispute between Riyadh and Abu Dhabi did not arise from the latest war alone. According to analyses by the Atlantic Council and Chatham House, the differences became apparent in November 2020, when the UAE wanted to increase production while Saudi Arabia sought to keep prices high by reducing supply.

This divergence stems from a structural difference: Saudi Arabia needs high oil prices to finance the massive projects of Vision 2030, while the UAE's more diversified economy makes it less dependent on oil rents. Later, this disagreement expanded to multiple regional files:

- Yemen: Saudi Arabia directly targeted the UAE-backed Southern Transitional Council in late 2025 and early 2026, in a rare public escalation between the two allies.
- The Horn of Africa: Riyadh opposed Abu Dhabi's support for the authorities in Somaliland.
- Sudan: The two differed over the Rapid Support Forces, which international reports accuse the UAE of backing.

– The war on Iran: Abu Dhabi pushed for the continuation of the US-Israeli campaign, while Riyadh worked diplomatic channels to end the war.

In the short term, the UAE's exit places an additional burden on Saudi Arabia in stabilizing global prices and weakens the organization's ability to manage oil supply. Yet the UAE itself faces a technical challenge: The Habshan-Fujairah pipeline, which bypasses Hormuz, has a capacity of about 1.7 million barrels per day and is already operating near its maximum capacity, meaning the gains of "production freedom" may run into a logistical ceiling in the absence of alternative infrastructure.

At the broader strategic level, the UAE's exit from OPEC reveals the collapse of the Gulf hedging structure built between 2019 and 2025, based on diversifying security partnerships, keeping channels of communication open with Tehran, engaging with Beijing, and operating within multilateral frameworks such as OPEC and the Gulf Cooperation Council.

The network of 27 economic partnership agreements the UAE signed bilaterally, rather than through the Gulf Cooperation Council, in itself represents a silent political statement indicating that the UAE is building its trade policy independently of the collective Gulf framework. While the GCC still exists institutionally, its weight in shaping the individual economic decisions of member states is clearly declining.

This shift raises questions about the future of projects long discussed in GCC corridors, such as a unified Gulf currency, a common market, and a customs union — projects that had already slowed, but the UAE's exit from OPEC makes the prospects of reviving them even more difficult.

Can the UAE escape geography?

A close reading of the new trajectories of Emirati policy in the "post-Hormuz" era reveals a bold and dynamic strategy, but one that also contains a three-dimensional structural dilemma threatening the sustainability of this development model over the long term:

First, the conflicting duality of economics and security stands out. The UAE cannot do without Asia's vast economic, financial, and technological depth — especially China and India — to finance its post-oil model and export its crude freely. Yet its physical survival and the protection of its skies and waters from direct regional Iranian threats remain largely tied to military and defense arrangements with the United States and the West.



As the cold technological and political conflict between Washington and Beijing intensifies, the room for maneuver in a policy of multiple alignments continues to narrow. At any moment, the state may be forced to pay a high price through a compelled choice between its military security and its technological future if the US-China confrontation escalates in the coming years, especially over semiconductors and artificial intelligence.

Second, the limits of plans to evade geography are becoming apparent. Despite the strategic importance of building the new overland pipeline corridor to Fujairah to avoid the Strait of Hormuz and its risks, alternative infrastructure does not grant the state full defensive immunity. Fujairah, for example, with its ports and storage facilities for shared international reserves, remains vulnerable to missile threats and drones from Iran's Revolutionary Guard and allied regional militias.

Geography therefore cannot be fully overcome by building pipelines if the state lacks the conventional military deterrence capable of preventing attacks at their source.

Third, there is the risk of Gulf isolation as a result of unilateral decision-making. When the UAE adopts a fully independent oil and economic policy, such as withdrawing from OPEC and OAPEC, and competes directly with Saudi Arabia on regional files such as trade and influence in Yemen and Africa, it gradually moves away from joint Gulf action.

This direction could deprive Abu Dhabi of the collective shield of the Gulf Cooperation Council, the alliance that has always protected it politically and diplomatically. In a region marked by structural chaos — where the war on Iran continues, the Yemeni and Sudanese arenas are aflame, the Israeli axis is expanding, and maritime security in the Red Sea and the Arabian Gulf is under threat — the UAE may find itself alone and strategically exposed before larger regional powers, including Iran, Turkey, Israel, and even Saudi Arabia itself as a balancing regional power, without geographic depth that would allow room for maneuver or demographic weight to protect its vast economic gains in moments of crisis. This comes in addition to accusations directed at it of involvement in fueling regional conflicts.

Betting on an alliance with Washington and Tel Aviv, and on a network of multiple Asian partnerships, does not necessarily constitute a sufficient alternative to a cohesive regional umbrella. Great powers move according to their interests, and distant partners cannot provide the immediate protection that regional consensus offers. Moreover, the UAE's globally dispersed assets — ports, sovereign investments, civil aviation, and digital infrastructure — become more vulnerable to symbolic or direct targeting the wider the gap grows with its regional surroundings.

Finally, the Emirati model rests on three pillars: a small state open to the world, an economy not dependent on oil alone, and partnerships with many countries at the same time. For this model to succeed, it needs two basic conditions: first, that the region be relatively calm; and second, that the world be distributed among several major powers rather than dominated by a single one, in other words, multipolar.

The problem Abu Dhabi will face is that the world today is moving in the opposite direction: wars are expanding, divisions are deepening, and alignments between camps are becoming sharper. The more these disruptions increase, the greater the risks for the UAE, because its openness and multiple partnerships mean that everything happening abroad can quickly spill inward.

The UAE is betting on a diversity of partners so that it does not depend on a single party, and on the scale of its financial reserves, which it believes are sufficient to absorb any crisis. But history offers a different lesson: Small states that make their decisions alone in a turbulent environment often pay a heavy price when the balance of power around them shifts. Small size means a narrow margin for error, and unilateral decision-making means there is no one to share the cost when the difficult moment arrives.



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