Restoring Balance to UAE-Iran Relations

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The Iranian Studies Unit
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A spate of diplomatic initiatives in the fall of 2021 has reignited interest in the regional policies of the United Arab Emirates (UAE) and the evolving nature both of Emirati interests, as perceived in Abu Dhabi, as well as the varying tools through which power is projected in practice. Diplomacy superseded a decade of confrontational approaches toward Qatar1 and Turkey2 as policymakers in the UAE adapted to a regional and international context changed by the Covid-19 pandemic and the curbing of an era of raw power politics with Donald Trump’s ousting from office. By contrast, the reorientation of UAE relations with Iran preceded the change of administration in the U.S. and reflects a deeper and more pragmatic streak in the conduct of Emirati foreign policy.3

The November 24, 2021 visit to Abu Dhabi by Iran’s Deputy Foreign Minister, Ali Bagheri-Kani, caught the attention of regional analysts for Bagheri-Khani’s declaration that Iran and the UAE had “agreed to open a new chapter” in their “friendly and cordial” bilateral relations.4 The meeting with senior Emirati diplomatic advisor Anwar Gargash and the UAE Minister of State for Foreign Affairs Khalifa Shaheen Al-Marar came nine days after Gargash used the Abu Dhabi Strategic Debate forum to state that the UAE had taken steps to de-escalate tensions with Iran and warn that the Persian Gulf region would pay the price of any confrontation for decades to come.5 These statements came amid ongoing speculation about a possible visit to Iran (which eventually took place on December 6, 2021) by Sheikh Tahnoon bin Zayed Al Nahyan, the powerful National Security Advisor often entrusted with delicate portfolios.6

Developments since 2019 have cast light on the evolving nature of the relationship between the UAE and Iran and illustrated the delicate balance that officials on both coastlines of the Persian Gulf have attempted to strike, not always successfully. This essay examines both the more recent fluctuations in UAE-Iran relations as well as the longer-term dynamics that have structured – and continue to influence – bilateral ties between the two countries. In fact, it is the deeper continuities that help explain the apparent reversion of Emirati policies on Iran toward a ‘norm’ after their somewhat uncharacteristic divergence during the turbulent post-Arab Spring decade in the 2010s.

Long connected by dense networks of commercial and business relationships and cross-waterway movements of people and goods, the volume of trade between the UAE and Iran has outpaced the figures for the other five members of the Gulf Cooperation Council (GCC).7 Dubai, especially, became significant to Iran as a re-export hub and an outlet to the global economy in the era of international

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sanctions on Teheran. Key aspects of the UAE’s model of economic development render the leadership both in Abu Dhabi and in Dubai uniquely vulnerable to regional instability in the Arabian Peninsula or the Persian Gulf. The result of this balancing act has been a drawing back of Emirati assertiveness vis-à-vis Iran even as the UAE has normalized and deepened its political, economic, and security linkages with Israel.

The UAE historically has differed from other Gulf States as it has lacked deep structural obstacles to closer political and economic relations with Iran, which instead have fluctuated more with regional developments than with domestic dynamics in either country. Save for the Iranian occupation since 1971 of three islands in the Strait of Hormuz belonging to the emirates of Sharjah and Ras al-Khaimah, the absence of meaningful irritants such as concerns for ethnic or sectarian identity meant there are fewer obstacles to closer political ties than in neighbors such as Saudi Arabia and Bahrain, where many in policy circles tend to view Iran as a potential threat to internal security as well as to regional stability. Moreover, the presence of a substantial Iranian business community in Dubai has, for decades, provided a powerful incentive to closer relations, at the individual if not always at the inter-state level.

For much of its fifty-year history, the UAE (which was formed on 2 December 1971 with six emirates, led by Abu Dhabi and Dubai, with the seventh, Ras al-Khaimah, joining in February 1972), pursued a pragmatic foreign policy that sought to balance sometimes-competing and contradictory regional and international interests. Under Sheikh Zayed bin Sultan Al-Nahyan, Ruler of Abu Dhabi and President of the UAE until his death in 2004, UAE foreign policy was marked by attachment to Arab and Islamic causes as well as to dialogue and diplomacy. This process of cautious engagement was exemplified when Abu Dhabi hosted the meeting, in 1981, at which the Gulf Cooperation Council was established, and by Sheikh Zayed’s attempts to mediate between Iraq and Iran and explore the basis for an end to their war in the Gulf.

Emirati mediation was far from the main contributing factor in bringing the Iran-Iraq War to a close in 1988, but it did reflect the UAE’s cautious maneuvering under Sheikh Zayed and was also borne out of a lack of consensus within the UAE itself. While the UAE remained officially neutral, Abu Dhabi, Ras al-Khaimah, Ajman, and Fujairah all sided with Iraq, with Abu Dhabi joining the Saudis.

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and Kuwaitis in contributing financial support to Saddam Hussein and Ras al-Khaimah also offering Baghdad the opportunity to establish air bases on its territory. By contrast, Dubai, Sharjah, and Umm al-Quwain all gravitated more toward Teheran as they continued to trade with Iran throughout the war and Dubai emerged as a key transit hub for war materials destined for Iran.\(^\text{16}\) Dubai additionally derived benefit from damaged ships calling at the extensive dry-dock repair facilities at its major new port of Jebel Ali, which had opened in 1979, a year before the war began.\(^\text{17}\)

A rough dichotomy between policy approaches in Abu Dhabi and in Dubai has continued to influence the UAE-Iran relationship in subsequent decades as well. An example of this divergence was in the late-2000s when the leadership in Abu Dhabi was campaigning hard to secure\(^\text{18}\) a ‘123’ nuclear agreement and gain U.S. approval\(^\text{19}\) for launching a civil nuclear energy program. At the same time, however, Dubai emerged as a perceived weak-point in the international sanctions regime then being tightened around the Iranian government of President Mahmoud Ahmedinejad. U.S. officials expressed concern that Dubai’s rapidly-growing re-export trade with Iran constituted a potential loophole. Abu Dhabi’s push to gain Congressional support for its civil nuclear agreement heightened for them the sensitivity of Dubai’s multifaceted commercial relationship with Iran, given the possibility that illicit trading could encompass dual-use material.\(^\text{20}\)

The fallout from the Arab uprisings in 2011 sharpened the differences between Dubai’s more pragmatic, commercially-driven approach to Iran and Abu Dhabi’s assertive, security-first approach to regional affairs. UAE defense and foreign policy-making became far more hawkish after 2011 as Abu Dhabi Crown Prince Mohammed bin Zayed Al Nahyan consolidated control both within Abu Dhabi and across the federation as a whole.\(^\text{21}\) This security-centric approach was characterized by a zero-tolerance\(^\text{22}\) position toward dissent domestically and an interventionist\(^\text{23}\) set of regional policies designed to roll back perceived destabilizing movements such as the Muslim Brotherhood.

Examples of such policies included immediate political and financial assistance\(^\text{24}\) to the military-led government that toppled Egypt’s (Muslim Brotherhood) President Mohamed Morsi in 2013, wide-

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ranging support for Khalifa Haftar’s campaign against the internationally-backed government in Libya after 2014, military intervention in southern Yemen as part of the Saudi-led coalition in 2015, and participation in the blockade of Qatar that was launched in 2017. Close working ties developed between Mohammed bin Zayed in Abu Dhabi and his Saudi counterpart, Mohammed bin Salman, that reshaped regional politics in the Arabian Peninsula around a harder-line axis. The conduct of foreign policy in this period was at times reactive and lacked an underlying consistency, but it embroiled the UAE in regional conflict zones and the crosshairs of geopolitical divides.

Officials in Abu Dhabi deemed the perceived challenge from Islamist movements to pose the greatest threat to regional stability, unlike their Saudi colleagues, for whom Iran was seen as a more significant challenge to security (internal as well as external). Diverging priorities in threat perceptions became evident in Yemen as the Saudis battled Houthi rebels whom they believed (with some self-fulfilling justification) to be in receipt of varying levels of assistance from Iran. By contrast, after Emirati forces regained control of southern cities from the Houthis in 2015, they focused on combating Islamist groups, including Islah, a political party aligned with the Muslim Brotherhood, often acting in minimal operational coordination with their Saudi coalition partners.

While Abu Dhabi prioritized its campaigns against political Islam, its close coordination with Riyadh, especially between 2015 and 2019, placed the UAE squarely within the geopolitical confrontation between Saudi Arabia (and the U.S., during the Trump administration) and Iran. In 2017, for example, the Saudi- and Emirati-led quartet of states blockading Qatar demanded that Doha scale back relations with Iran as their first demand in a widely-derided list of conditions to restore ties. In September 2018, Iranian officials accused ‘two Gulf states’ of complicity in an attack on a military parade in Ahwaz province that killed 29 people and summoned the UAE charge d’affaires to protest comments by a prominent Emirati analyst that appeared to justify an ‘attack against a military target.’ Such comments were seen to build on a statement made by Mohammed bin Salman in 2017 that any struggle would take place ‘inside Iran, not in Saudi Arabia.’

30 Bruce Riedel, “What are the Houthis, and why are we at war with them?,” Brookings Institution, December 18, 2017, https://brook.gs/3pFRFvV.
Developments in 2019 punctured the assertive Emirati regional policy and precipitated a reassessment of approach that predated the broader transition (at least until 2024) a year later away from the raw power politics that characterized the four turbulent years of the Trump era. One aspect of this shift came in the realization of the limits of Emirati ability to project military power and political authority beyond its borders. This occurred in Libya, where Khalifa Haftar’s attempt to seize Tripoli in April 2019 failed and was followed by a far larger Turkish mobilization in support of the Libyan government, and in Yemen, where Emirati officials made a pragmatic decision in June 2019 to draw down most of their direct involvement and focus instead on local allies.

Also in 2019, a series of attacks on maritime and energy targets in Saudi Arabia and the UAE occurred between May and September, when they culminated in the drone and missile attack on Saudi oil installations that temporarily knocked out half of the Kingdom’s production. While their attribution was never definitively proven, they likely formed part of Iran’s ‘maximum resistance’ response to the Trump administration’s policy of ‘maximum pressure’ which was launched in April 2019 — and initially welcomed by Emirati (and Saudi) leaders. However, the failure of the Trump administration to respond to the attacks on its Arab Gulf partners — with Trump himself stating, two days after the Abqaiq strike, that “that was an attack on Saudi Arabia, and that wasn’t an attack on us” — caused shockwaves in Abu Dhabi and Riyadh as they drew into question the basis of the security guarantees that Saudi and Emirati leaders thought they had from the U.S.

Although President Trump may not have intended to sow such doubt, his comments, and his administration’s (in)action in 2019 compelled a reconsideration of the notion that, especially when it came to Iran, U.S. and Arab Gulf partner interests were effectively one and the same. Moreover, they contributed to a sense of growing unease in Arab Gulf capitals, especially Abu Dhabi and Riyadh, over a perceived disengagement of U.S. interest that began in the Obama administration (and which President Biden’s first year in office, and particularly the way the U.S. conducted its

41 John DeFeo and Victoria Cavaliere, “Coordinated strikes knock out half of Saudi oil capacity, more than 5 million barrels a day,” CNN, September 15, 2019, https://cnn.it/3oByZpj.
45 Steve Holland and Rania El Gamal, “Trump says he does not want war after attack on Saudi oil facilities,” Reuters, September 16, 2019, https://reut.rs/3rQefvR.
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chaotic withdrawal from Afghanistan in August 2021, only reinforced). In part for this reason, UAE policymakers have sought to diversify their international partnerships, including with Israel and China, and achieve a more workable balance in regional relationships, notably with Iran.

Emirati outreach to Iran began in July 2019, within weeks of the attacks on shipping (well before the attack on Saudi oil infrastructure), with the revival of maritime security talks that had last been held in 2013 and a notable shift in rhetoric that emphasized the need for regional stability. Such messaging, which differed markedly from the (over)confident tones of 2015-2018, was on full display in January 2020 after U.S.-Iran tensions soared following the killing of Qassim Soleimani. A statement from the UAE foreign ministry called for ‘rational dialogue’ and a de-escalation of tension in the Persian Gulf, a stance echoed by the Saudi leadership which also sent their Deputy Defense Minister to Washington, D.C. to make the case in person to the Trump administration. Later in 2020, the UAE dispatched at least four planeloads of medical supplies to Iran during the opening months of the SARS-CoV-2 pandemic in another tangible sign that geopolitical confrontation was giving way, at least partially, to a degree of workable cooperation.

There are sound reasons for the turn back to a pragmatic approach to Iran, including the uncertainties of the post-pandemic economic landscape for all countries in the region regardless of their stance on any of the regional geopolitical fault-lines. Officials in Abu Dhabi and (especially) Dubai are fully aware of the damage that would be caused to their brand as (relatively) stable hubs in an otherwise insecure region should the pattern of attacks seen in 2019 continue and/or escalate. This newfound sense of vulnerability has been amplified by the impact of the pandemic which has hit hard on the tourism, hospitality, mega-event, and entertainment sectors that had propelled Abu Dhabi and Dubai into aspirant global cities over the previous two decades.

In January 2014, the Ruler of Dubai (and Prime Minister of the UAE), Sheikh Mohammed bin Rashid Al Maktoum, called for an easing of pressure on Iran as he told the BBC that ‘we need to give Iran space, Iran is our neighbor and we don’t want any problem.’ Nearly eight years later, the failure of the intervening period of confrontational relations to come up with any viable or more workable alternative has restored the value of balance to regional and inter-regional relationships.

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50 “Rivals Iran and UAE to hold maritime security talks,” Reuters, July 30, 2019, https://reut.rs/3EzT8BB.
UAE emerges from the pandemic the Emirati leadership needs to focus on economic growth and can ill-afford more geopolitical risk, especially given the prospect of greater competitive rivalry with Saudi Arabia for potentially scarcer resources in key sectors.57

Ironically, in view of tensions between Abu Dhabi and Qatar over the past decade, the UAE’s balancing – between the U.S. and China, Israel and Iran – is beginning to resemble the Qatari policy of ‘hedging’ by countering big bets in one direction with a series of smaller bets the other way.58 That policy exposed the Qatari leadership to the backlash from the UAE and Saudi Arabia both in 2014 and again during the three-and-a-half-year blockade that began in 2017, and it remains to be seen whether the UAE fares any better in finding a regional and foreign policy equilibrium, albeit one that is evolving against a less polarizing backdrop than the contentious post-Arab uprisings decade that has just ended.
