

CAN UAE BECOME AN INDO-PACIFIC SEA POWER?

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Amidst the intensified race over connectivity in the Indo-Pacific in a competitive infrastructure marketplace, the UAE is positioning itself to play an important role through strategic investments in ports abroad and extensive maritime engagements. Having established a strong presence in the Horn of Africa through investment in port infrastructure, the UAE is now keen to expand its regional influence in the South Asia sub-region of Indian Ocean, and beyond into the larger Indo-Pacific. This issue brief outlines the emergence of the UAE as a sea power through such investments, while highlighting how the Emirates' limited participation in governance of the Indo-Pacific is limiting its influence. It makes a case for the UAE to take a more proactive role to complement its economic investments with participation in regional governance initiatives to help secure a truly free and open Indo-Pacific.

What is a sea-power?

The recent spate of drone and missile attacks by the Houthis targeting ships in the Red Sea once again reaffirms how oceans are at the heart of the international order. With the Indo-Pacific—which encompasses in its very name two of the world's largest oceans—emerging as pivotal in shaping global geopolitics, we are indeed entering a “new era of global sea power.”¹ At such a critical juncture in history, it is important to revisit the idea of ‘sea-power,’ first espoused by Mahan, to understand how countries are behaving, and should behave,

to protect their national interests near its coasts and beyond. This provides important insights into how countries, which may have not historically been sea-powers—including the UAE—are making important investments to develop their maritime potential.

The concept of sea-power has historically evolved in response to geopolitical and technological developments. When Mahan first espoused the concept of ‘sea-power’ in his seminal work ‘The

Influence of Sea Power Upon History, 1660-1783', the concept was used to convey how seas were important to control national activities and for power projection over rivals. Notwithstanding the continued validity of these factors, in the contemporary era of globalization and technological innovations, the concept of sea-power is much more all-encompassing. In today's world, a country's sea-power is not determined by the number of ships or personnel it has to use for naval purposes alone, but also includes its capacity to use the ships for civilian purposes.² Another vital component of sea-power refers to the country's ability to influence the behavior of other maritime actors.³ Therefore, in essence, sea power encompasses naval power along with the non-military aspects, namely political, economic, and diplomatic uses of the sea.

UAE as a sea-power

The UAE, is a federation of seven emirates, situated in the southeast of the Arabian Peninsula, bordering Gulf of Oman and the Persian Gulf, between Oman and Saudi Arabia. All the emirates, except Fujairah, have a frontage along the Persian Gulf. With direct geographic access to the Arabian

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Gulf, the UAE's location confers upon it a central position in facilitating maritime trade across the region. Moreover, the UAE has developed access to the Red Sea through strategic port investments and military bases along the chokepoints of the Bab al-Mandab, one of the most important global shipping lanes. The UAE also has a rich maritime history, which encompasses sailing, navigation, boat building, pearling, fishing and marine trading. In fact, Dubai, which today is a world trade hub, was once a fishing village, and the construction of the Jebel Ali port undoubtedly played a crucial role in facilitating such transformation.⁴

Despite the UAE's geographical predisposition to become a sea-power, the maritime and naval dimension did not figure prominently in the country's strategic thinking. Until the Yemen war, the navy was neglected "receiving less money, attention or high-quality personnel."⁵ The UAE's Navy, much like other Gulf countries, has mainly been coastal oriented, with limited military power projection ambitions. This is fast changing with Abu Dhabi now more focused on building and operating stronger naval forces in the region, reflective of UAE's regional power projection ambitions. Targeted acquisitions of frigates⁶ anti-ship missiles, naval surface-to-air systems⁷ and technologically advanced vessels from world class shipbuilders⁸ are reflective of such ambitions. In an attempt to boost the maritime security capabilities of the navy, Canadian company CAE was awarded a C\$145 million contract to design and develop a comprehensive Naval Training Centre for the UAE.⁹

In contrast to its relatively recent naval might, the UAE has a longer of history of commercial maritime presence through its well-established network of ports and logistics infrastructure around the world. Domestically, the UAE has developed world-class port facilities. In 2022, Dubai was ranked among the top five global maritime hubs, after Singapore, London, Shanghai, and Hong Kong. According to latest estimates, the UAE owns the highest number of container ships among the Gulf countries,

highlighting its dominance in regional container shipping.¹⁰ The UAE's dominance in regional maritime trade is a result of decades of investments in building port infrastructure and the logistics environment, including Free Trade Zones organized around major seaports. The Jebel Ali Free Zone, one of the largest free zones in the world, contributes about 24 percent of the total FDI flow into Dubai.¹¹

State owned port operator DP World has a global footprint across 6 continents,¹² most notably in Africa. Alongside the Abu Dhabi Ports Group, the UAE is operating 12 port infrastructures in Africa, including an agreement signed in 2022 to build and operate the Abu Amama port in Sudan.¹³ In tandem, with the UAE's growing interest in the Red Sea, the Abu Dhabi Ports Group initiated a 15-year agreement with Egypt's Red Sea Port Authority to operate and manage three cruise terminals at the Sharm el Sheikh, Hurghada, and Safaga ports on the sea. In what is being described as the "new scramble for Africa" as countries such as China, Japan and Russia have come to realize the geo-economic potential of the continent's ports, the UAE has the first movers' advantage having begun investing in these ports since the mid-2000s.¹⁴

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the UAE is now keen to expand its regional influence in the South Asia sub-region of Indian Ocean, and beyond into the larger Indo-Pacific. Most recently, the Abu Dhabi Ports Group signed a 50-year concession agreement with Karachi Port Trust (KPT). Under the agreement, the Group as the majority shareholder along with UAE-based Kaheel Terminals will invest \$220 million in the next ten years in infrastructure development for Pakistan's largest sea port.¹⁵ DP World already has already made substantial investments in India and Indian companies, which received a significant boost following the creation of an investment platform by India's National Investment and Infrastructure Fund and DP World, to invest up to \$3 billion in ports, terminals, transportation and logistics businesses in India.¹⁶ In South-East Asia, Dubai Port World is actively involved in developing Indonesia's seaports having signed a \$7.5 billion deal with Jakarta to develop the country's seaports over a period of up to 30 years in November 2021.¹⁷ In June 2023, DP World entered into a strategic partnership with the Indonesia Investment Authority and government-owned port operator Pelindo to develop Belawan seaport, Indonesia's most direct link with the

Malacca Strait.¹⁸ Further strengthening the strategic partnership with Indonesia, DP World set up a joint venture company with Java-based Maspion Group to construct and operate a container terminal at Gresik, East Java with an estimated capacity of 3 million TEUs.¹⁹ It is also engaged with the island countries in the region, by providing technical advice for the expansion of Seychelles Port Victoria and the construction of other projects related to fishing ports.²⁰

Through its slew of strategic investments, the UAE today has a presence across the East-West trade route which enters the Red Sea. Now, with the Indo-Pacific emerging as the center of global geopolitics and the UAE's ambition to broaden its geopolitical influence, it is taking nascent steps to build an Emirate maritime empire. The UAE's trilateral partnership with France and India, where ministers from the three countries discussed 'convergences and further collaboration... for a peaceful and prosperous Indo-Pacific' is a clear signal of the UAE's ambitions in the region.²¹ Here, maritime investments will play a crucial role as the

Abu Dhabi has played a limited role in governance of the Indo-Pacific region, restricting its diplomatic influence as well. This is in contrast with the UAE's active participation in the Horn of Africa, where it has a long history of taking part in missions for maritime surveillance in the Strait of Hormuz.

UAE has already established itself as a global leader in this industry. At the G-20 summit in New Delhi last year, the UAE was one of the signatories of the MoU for the India-Middle East-Europe Economic Corridor (IMEC) a multimodal transport network that would connect India to Europe via the Middle East. Reports suggest that three ports in the UAE, namely Fujairah, Jebel Ali and Abu Dhabi have been shortlisted to be connected to ports along the west coast of India, further indicating how ports will continue to play an important role in advancing Abu Dhabi's geopolitical ambitions.²²

What's next?

While such investments have been effective to establish its commercial presence in the maritime domain, the UAE's influence is still limited. This has to do with the limited role Abu Dhabi has played in governance of the Indo-Pacific region, restricting its diplomatic influence as well. This is in contrast with the UAE's active participation in the Horn of Africa, where it has a long history of taking part in missions for maritime surveillance in the Strait of Hormuz. The UAE's sudden, and rather controversial, withdrawal from the U.S.-led Combined Maritime Forces (CMF), has further reduced its navy's visibility in the region.²³ Despite being directly affected by the ongoing Houthi attacks in the Red Sea, the UAE's response has been limited. Its decision not to join the U.S.-UK led multinational effort to secure shipping lines in the Red Sea, dubbed Operation Prosperity Guardian, can be understood in terms of it being embroiled within the larger geopolitics of the Israel-Gaza conflict, which also explains why many of the U.S.' closest allies did not participate.²⁴ However, Abu Dhabi could have taken the route followed by India, Italy, France, and Spain to send their own ships independently to showcase their will and capability to ensure a "free and open Indo-Pacific."

There is great potential for the UAE to emerge as an influential Indo-Pacific actor. Connectivity between South and Southeast Asia remains weak and

according to the Asian Development Bank (ADB), “improving ports and port access” has the greatest potential to improve such connectivity. Both South Asia²⁵ and Southeast Asia²⁶ lag behind as far as operational efficiency of ports and related logistics is considered. Now with connectivity dominating the Indo-Pacific agenda, improving ports and ports²⁷ has the greatest potential to achieve the mammoth task of integrating South and South East Asia. With both the financial resources and industrial expertise, the UAE—which has established its intention by building the “corridor of opportunity”²⁸ between the Gulf States and Southeast Asia—is well positioned to occupy the vacuum through strategic port infrastructure investments, which it is already doing. However, such economic investments need to be complemented with more active engagement when it comes to maritime diplomacy, especially if it seeks to expand its influence beyond its immediate geographic periphery.

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