

The UAE's Foreign Policy Anchors and Their Influence on Israel and the Region

Dr. Moran Zaga*

January 2025

This policy paper explores the fast-moving expansion of the UAE's influence in the Middle East through physical control of territories and assets beyond its borders, analysing the implications for Israel, in particular, and for the regional balance of power as a whole. The paper begins by outlining a conceptual policy framework of so-called "anchors" and "grips" with unique characteristics. It then presents a focused empirical review of the infrastructure, assets, territories and other types of physical property the UAE has acquired to implement its policy in four key arenas: Egypt, Jordan, Israel and the Gaza Strip. The paper then analyzes the regional implications of this process and its specific effects on Israel including its relations with the Palestinians and concludes by proposing guiding principles to address this trend. Scholars and decision makers will find the paper relevant to political and strategic planning for Israel's regional engagement, particularly concerning Jordan, Egypt, and the Gaza Strip. The importance of the process the paper describes lies in the scope and speed with which this transformative phenomenon is spreading and changing the regional dynamics. This shift disrupts the traditional division between bilateral and regional relations, necessitating a reassessment of how Israel manages its relationships - both with the UAE as an investor and with the neighbouring countries in which it chooses to invest.

A. Introduction

This policy paper describes the expanding influence of the UAE in the Middle East through physical control of territories and assets beyond its borders. It also analyses the implications of this expansion for Israel, in particular, and for the balance of power in the region as a whole. The paper is relevant to researchers and decision-makers engaged in the political and strategic planning of Israel's regional environment, with an emphasis on Jordan, Egypt, and the Gaza Strip. Its importance stems from the scope and speed with which this transformative phenomenon is spreading and reshaping regional dynamics. This shift

* Dr. Moran Zaga is a research and policy fellow at Mitvim. She wishes to thank Rotem Yitzhak Cohen for helping research and prepare this document.

challenges the dichotomous division between bilateral and regional relations and necessitates a reassessment of how the relationship is managed, both with the UAE as an investor country and with the neighbouring countries where it chooses to invest.

Since the rise of the second generation of leadership in the UAE, the country's foreign policy has been shaped by a desire to expand its global influence and by the extensive use of soft power to achieve this goal.¹ The UAE operates through a variety of channels including mediation, humanitarian initiatives, and investments in education and sports, among others. Mediation between the Taliban and the United States, between Eritrea and Ethiopia, and between Israel and Syria during the Swords of Iron War stand out among the mediation efforts it has undertaken. The Emirates also provide funding to economically distressed countries such as Egypt, implement digital education and digital medicine projects in Africa, hold a controlling interest in sports clubs such as Manchester City, and more. The importance of these activities lies in their evident impact on their target audience and in the awareness they raise of the desert kingdom and its contributions.

Over the past two decades, the UAE has relied on a strategic approach that emphasizes control and influence beyond its borders through the holding and management of physical property and cross-border geographical connections of spheres of influence and investment.² Although ownership of physical property as a foreign policy tool does not necessarily generate broad public recognition of the investor and is often even shielded from the public eye, it nonetheless provides strategic advantages, as this paper will explore. The physical-geographical components of the UAE's foreign policy serve as what this paper describes as "anchors", providing it with sustained footholds and high levels of influence in the destination country. Connecting multiple anchors in several adjacent countries can also create a cross-border strategic infrastructure.

This policy serves multiple objectives for the investing country. It provides economic profitability and diversification, control over economic activity at the regional level, political influence and regional stability, and a strategic role in shaping bilateral relations while enhancing the UAE's regional and international standing. The policy benefits recipient countries by strengthening their economies and integrating them into broader regional

¹ Joseph S. Nye, *Soft Power: The Means to Success in World Politics* (New York: PublicAffairs, 2004).

² Christopher M. Davidson, "The UAE's Global Power Strategy: Soft Power and Strategic Investments," *Middle East Policy* 28, no. 1 (2021): 72–88; Kristian Coates Ulrichsen, *The United Arab Emirates: Power, Politics, and Policymaking* (London: Routledge, 2020).

economic activity, while ensuring stability through the UAE's role as a strong regional power. The UAE in particular is an integral part of the regional identity and affiliation, and is considered a moderate regional power.

The article begins by presenting the conceptual framework of anchors and grips with their unique characteristics. It then presents examples of infrastructure, assets, and territories purchased by the UAE to serve as anchors for its policy in Egypt, Jordan, Israel and the Gaza Strip. The document then analyses the regional implications of this policy, along with its specific challenges and opportunities for Israel. It concludes with proposed principles to address this trend, which is growing in both scope and reach.

B. The anchors and grips concept

Control of foreign strategic assets enables a state to advance both its economic and political interests, positioning it as a key player in the global arena.³ The concept of soft power, developed by Harvard scholar Joseph Nye, refers to a country's ability to influence other countries not through military force or coercion,⁴ but through political values, diplomacy, culture, education, media, economy, development, and humanitarian aid. Several of these channels of influence rely on a geographical dimension. Examples include economic investment or direct control over arable land, other types of land, resources, public buildings, residential neighbourhoods, factories, pipelines, roads, railways, seaports, airports, power plants, and gas fields. This type of control establishes a physical hold, akin to a ship's anchor, and extends a state's influence beyond its borders. Beyond their economic benefits, such acquisitions and investments establish investing states as influential players in local decision-making and operations.⁵ For example, constructing a new port passenger terminal requires extensive dialogue with local authorities on regulatory and administrative matters, as well as coordination of supporting infrastructure beyond the project site. Moreover, the project might alter tourism dynamics in the target locale, including its scope, nature, and duration. It can create economic disparities relative to other tourist areas in the same country while also facilitating new connections with similarly classified terminals in neighbouring

³ Kristin Smith Diwan and Ahmed Khalfan Al-Mansoori, "Strategic Asset Control and Soft Power: The UAE's Influence through Global Investments," *International Journal of Middle Eastern Studies* 54, no. 3 (2022): 312-330.

⁴ Joseph S. Nye, *Soft Power: The Means to Success in World Politics* (New York: PublicAffairs, 2004).

⁵ Susan Strange, *States and Markets* (London: Pinter, 1988).

countries. Thus, there are often national dimensions to such projects and relevant decisions about them require the highest levels of cooperation between the parties.

The downside of such practices is their inherently asymmetrical nature with developed states investing in less developed ones and creating one-sided long-term economic and political dependence.⁶ Such dependence is liable to foster a sense of alienation on the part of local residents, who may perceive foreign investments as serving the interests of the investing country and not necessarily local needs.⁷

The “grip” concept is primarily associated in socio-economic literature with foreign control in global cities.⁸ Control of major urban assets by foreign countries and international organisations can affect the functioning of these cities, shaping their economic and social character, and creating latent power systems that influence decision-making and local governance structures.⁹ Extending beyond urban centres to national territories, a state's geographic grip on physical assets beyond its borders creates similar dynamics, affecting the host country's sovereign control over its territory and enabling the investing country to leverage its assets for geopolitical advantage.

C. The UAE'S anchors policy strategy

1) The global perception of UAE anchors

The UAE's property holdings across various regions worldwide include, among others, control over land, maritime infrastructure, resources, and residential and industrial real estate assets. These investments are distributed globally, with a focus on the Middle East, Africa, and Central Asia, and are usually acquired through government capital funds, sovereign wealth funds, private equity funds, and private companies. The investors usually represent specific emirates within the UAE, especially Abu Dhabi and Dubai. Private companies also play a role, as they often depend on strong ties with the local government. Despite the diversity of funding sources, the UAE's central government sets the investment priorities and objectives for funds and companies as part of a unified Emirati strategy.

⁶ Immanuel Wallerstein, *The Modern World-System* (New York: Academic Press, 1974).

⁷ Andrew Graham, The Impact of Foreign Investments on Local Political Dynamics in Developing Countries, *Journal of International Political Economy* 58, no. 3 (2022): 215–229.

⁸ Saskia Sassen, *The Global City: New York, London, Tokyo* (Princeton: Princeton University Press, 2001).

⁹ Ibid.

Government ministers and members of the ruling families are often involved in the negotiation and oversight of such projects.

One of the most prominent examples of the UAE's anchor strategy is its control of seaports worldwide. DP World (Dubai Ports World), a private company based in Dubai, owns over 80 marine terminals across 40 countries, including key locations such as Egypt, India, and Malaysia.¹⁰ UAE agriculture investments demonstrate its control over physical assets abroad, including the purchase or lease of extensive farming areas in Ethiopia, Kazakhstan, Pakistan, and even Australia.

The anchors policy holds major advantages for the UAE:

1. Unlike other forms of soft power use such as sports, diplomacy, or humanitarian aid, investments in physical property (e.g., real estate, infrastructure, or industrial facilities) generate direct economic return and support the UAE's Vision 2030 goal of diversifying its economy. These investments provide a stable, diversified, long-term revenue stream.
2. The UAE is leveraging its foreign anchors to reduce its historical dependence on Arab powers, using these assets and its influence abroad to enhance its economy and, to some extent, its domestic and foreign policy. At the same time, these anchors tie the UAE to the countries where it holds assets, reinforcing long-term relationships.
3. This type of investment disincentivises conflicts between the investing country and the country in which the assets are held, because it depends on strategic assets located in a defined geographical location and on long-term contracts.
4. The anchors effectively expand UAE-controlled territory, even without sovereignty. Foreign land ownerships are reshaping perceptions of national territory, particularly the concept of territorial contiguity.
5. The volume of investments and their broad global footprint enhance the UAE's status as an important player in the international arena.¹¹

¹⁰ DP World, "About Us," accessed September 26, 2024, <https://www.dpworld.com/>; Sam Meredith, "Dubai's DP World Is Delisting and Returning to Private Ownership," *CNBC*, February 17, 2020, <https://www.cnbc.com/2020/02/17/dubais-dp-world-is-delisting-and-returning-to-private-ownership.html>.

¹¹ Joseph S. Nye, *The Future of Power* (New York: PublicAffairs, 2011).

6. As well as the grip it develops in other states, the anchor policy allows the UAE to form cross-border physical connections and control activity at a regional level. This approach requires geographic thinking and long-term geopolitical strategy.

The UAE's anchor strategy has wide-ranging impacts on both the economic and security systems, and significant geopolitical implications in regional and international arenas. By controlling strategic assets such as ports, power plants, and other critical infrastructure, the UAE exerts direct influence over the global flow of goods and energy, securing strong bargaining power in host country decision-making. This capability, in turn, allows the UAE to play a key role in shaping the regional economic and security framework while influencing other countries' behaviour in the global system.

The UAE's control over the port of Aden in Yemen, for example, grants it significant influence over shipping traffic through the Bab al-Mandeb Strait, one of the world's most important maritime trade routes.¹² This control provides the UAE with strategic leverage in the global trading system, whilst leveraging its network of ports across East Africa to cement its status as a regional security power. In doing so, the UAE establishes military and strategic ties with key countries by embedding its influence in economic mechanisms that foster interdependence.

Control of critical infrastructure also enables the UAE to navigate regional coalitions and shape geopolitical struggles on the international stage. These investments do not only increase the UAE's influence in host countries, but also serve as a powerful diplomatic tool for redefining its relationships with distant nations.

In a broader sense, the UAE's anchors strategy embodies a postmodern view of nations as "connected spaces."¹³ This approach views nations not as entities bound by physical borders, but as components of interconnected economic, transportation, and communication networks; fostering interdependence and extending the investing country's influence well beyond its borders. Thus, the economic anchors that the UAE deploys across the Middle East, Africa, and Asia reinforce its status as a leading global power.

¹² David Morton, "Geopolitical Influence through Maritime Control: The UAE's Strategic Use of Ports in the Red Sea," *Global Maritime Studies* 47, no. 2 (2021): 101-119.

¹³ Graeme Radford, "The Connected State: Rethinking Sovereignty through Economic Networks," *Global Economic Review* 45, no. 2 (2023): 123-134.

The "connected space" concept is relevant due to its potential for shaping perceptions of Israel in the region. In contrast to the traditional perception of Israel as an "isolated island" in a hostile sea, the UAE's anchor policy creates cross-border networks that include Israel, sometimes bypassing the need for full political normalisation with other countries in this network. Beyond its capacity to foster regional connectivity, this policy could significantly impact how Israel engages with neighbouring countries; not solely on a bilateral level but within trilateral or multilateral frameworks, where multiple states jointly administer an adjacent space alongside their own sovereign territories.

This idea demonstrates how countries like the UAE can create new geopolitical networks that reshape conventional geographic boundaries and alter the regional balance of power. The UAE's anchor strategy is therefore not just an economic tool but a mechanism for establishing structural power systems that reshape global power structures, positioning it as a key negotiator in regional and global power dynamics.

2) *The UAE anchors policy vis-à-vis neighbouring Gulf states*

While the UAE pursues a foreign policy centred on investments that secure a geographical foothold beyond its borders and broaden its global reach, other Arabian countries adopt different strategies to achieve influence. **Qatar** focuses on gaining political and cultural influence through global media, the most prominent of which is Al-Jazeera, which serves as a major channel for shaping narratives across the Arab and Muslim world. It also cultivates strong ties with Islamic organisations and political movements in the region and invests heavily in international sports, the natural gas sector, civil aviation, and political mediation.

Saudi Arabia, on the other hand, focuses mainly on internal development and enhancing the state's economic and social power within its borders, along with shaping its religious and political influence through traditional diplomatic means. The Saudi Vision 2030, led by Crown Prince Mohammed bin Salman, aims to achieve economic independence by diversifying the economy and improving the quality of life for the kingdom's citizens.¹⁴ Saudi Arabia is investing in major national projects, such as the construction of the futuristic city of Neom (NEOM) and the development of culture and sports. Vision 2030 aims to position Saudi

¹⁴ Saudi Vision 2030, "Overview: Achieving Sustainable Economic Growth and Development," Kingdom of Saudi Arabia, accessed September 26, 2024, <https://vision2030.gov.sa/en>.

Arabia as a leader in sustainability and includes references to regional infrastructure projects. However, it is still too early to assess the feasibility of projects that remain in the planning stage. Saudi investments and acquisitions outside its territory include the construction of gas stations throughout Pakistan,¹⁵ the acquisition and construction of refining and petrochemical plants in South Korea¹⁶, and entry into the liquified natural gas (LNG) market in Europe¹⁷. Nonetheless, these investments fall far short of the scope of UAE activity. The Emirati investments also differ from Saudi and Qatari investments in terms of their target regions. While most UAE anchors focus on the Middle East and the Horn of Africa, the Qatari and Saudi ones span the Far East and Europe.

This difference highlights the UAE's connectivity strategy. Which targets its geographic surroundings and enables it to develop cross-border projects. Over the past two years (2022-2024), Saudi Arabia and Qatar have accelerated the implementation of their anchor policies in the region, apparently in response to the UAE's intensive activity. This is reflected, for example, in Qatar's acquisition of a stake in Egypt's Damietta port in 2022 and Saudi investment in the 2024 Maritime Communications Projects, which links Saudi Arabia with North Africa and Southern Europe (via Egypt) through a communication cable under the Red Sea. The cable is designed to improve the Kingdom's communications infrastructure and digital connectivity at regional and international levels, while creating a physical connection with neighbouring countries.¹⁸

3) *UAE anchors in Egypt, Jordan, Israel and the Gaza Strip*

The UAE's strategy in the Middle East combines a strategic geographic approach with economic and security considerations. Establishing "anchors" throughout the region enables it to achieve its geopolitical goals by creating a broad network of economic, transportation, and security ties. The selection of investment destinations is based not only on economic considerations, but also on strategic geographical factors, which provide the UAE with control and influence over major trade routes and key positions in the region. It exerts control

¹⁵ Saima Shabbir, "Saudi Aramco Says Will Launch First Branded Gas Station in Pakistan by Year End," Arab News, September 11, 2024, <https://www.arabnews.com/node/2570983/business-economy>.

¹⁶ Joyce Lee, "Saudi Aramco to invest in \$7 bln petchem project in South Korea," Reuters, November 16, 2022, <https://www.reuters.com/markets/deals/s-oil-plans-invest-52-bln-south-korea-factory-2022-11-16/>.

¹⁷ MidOcean Energy, "Aramco to Enter Global LNG Business by Acquiring Stake in MidOcean Energy," accessed September 26, 2024, <https://midoceanenergy.com/aramco-to-enter-global-lng-business-by-acquiring-stake-in-midocean-energy/>.

¹⁸ Saudi Press Agency, "Mobily, Telecom Egypt Partner to Lay Saudi Arabia's First Underwater Cable in the Red Sea." 05 November 2024. Accessed September 30, 2024, <https://spa.gov.sa/en/N2201173>.

over property and critical assets in countries such as Yemen, Somalia, Sudan, Egypt, Jordan, Syria, Afghanistan, the Gaza Strip, and even Israel. The assets include seaports, airports, transportation infrastructure, power plants, energy facilities, and tourist cities. Investments in maritime infrastructure in strategically located countries such as Egypt, Jordan, Sudan, Somalia, and Yemen give it strategic influence over the Red Sea region, the Bab al-Mandeb Strait, and access to the Suez Canal, one of the world's most important trade routes. This presence secures the UAE an influential position in international trade and enables it to leverage its investments in times of regional crises, while fostering economic and political dependence of the host countries. In addition to ports, the UAE is expanding its geographical hold on power plants and energy facilities in countries located near the borders of regional hegemonic states such as Turkey and Iran. The locations of the anchors attest to the centrality of the geographical consideration and the focus on the Middle East as a prominent principle of this strategy.

Investments in Egypt

The UAE is the largest international investor in Egypt, with investments totalling approximately \$9.6 billion in April 2023, and more than 1,600 Emirati companies operating there. It is considered Egypt's second largest trading partner in the Arab world, with trade volume of about \$4 billion.¹⁹ Emirati investments in Egypt have surged exponentially in recent years, rising from \$1.4 billion in 2021 to \$5.7 billion in 2022.²⁰

According to an April 2022 report, Abu Dhabi Development Holdings (ADQ) acquired holdings in five companies listed on the Egyptian Stock Exchange (EGX) with a total value of over \$1.8 billion.²¹ Although shares are not considered physical property, the profile of the companies in which ADQ has chosen to invest indicates control of physical and strategic assets, including chemical, fertilizer and logistics plants (in addition to banking and finance).

¹⁹ Emirates News Agency, "UAE Stands as Egypt's Top International Investor," March 12, 2024, <https://www.wam.ae/en/article/b3ew84g-uae-stands-egypts-top-international-investor>.

²⁰ Ahram Online, "UAE Investments in Egypt Soar to \$5.7 Billion in 2022," January 3, 2024, <https://english.ahram.org.eg/News/506412.aspx>.

²¹ The deals included the purchase of 340.1 million shares in the International Commercial Bank of Egypt (CIB) worth \$911.5 million, 215.1 million shares of Fauri Banking Technology and Electronic Payments worth \$68.6 million, 271.6 million shares of Abu Keir Fertilizers and Chemicals worth \$391.9 million, 476.7 million shares of Alexandria Containers and Cargo worth \$186.1 million, and 45.8 million shares of Misr Fertilizer Manufacturing Company (MOPCO) worth \$266.6 million. Source: Daily News Egypt, "ADQ Acquires Stake in CIB with a Value of \$911.5 Million," April 12, 2022, <https://www.dailynewsegypt.com/2022/04/12/adq-acquires-stake-in-cib-with-a-value-of-911-457m/>.

The ADQ Sovereign Wealth Fund is owned by the Abu Dhabi government and headed by one of the Emirates' richest and most influential figures, who also serves as national security adviser, Tahnoun bin Zayed Al Nahyan, brother of President Mohammed bin Zayed.²²

The shipping and logistics sector is a key UAE investment target. In July 2022, AD Ports Group Abu Dhabi (ADPC), which is backed by ADQ, acquired 70% of the shares of an Egyptian container shipping company for \$140 million. This acquisition included the Transmar International Shipping Company and Transcargo International S.A.E., which gave AD Ports access to the Middle East, the Red Sea, the Gulf and the East Coast of Africa.²³ In announcing the deal, AD Ports Chairman Falah Mohammed Al Ahbabi said, "This is the first overseas acquisition in AD Ports Group's history and an important milestone in our ambitious international expansion plan. This acquisition will support our wider growth targets for North Africa and the Gulf region and broaden the portfolio of services we are able to offer in those markets. AD Ports Group continues to diversify and take bold steps to expand our global reach, in line with the vision and guidance of our wise leadership".²⁴ This statement reflects the UAE's strategic ambition to extend its influence beyond its borders, highlighting the forwards-thinking approach of its leadership.

In October 2023, AD Ports signed a 30-year concession agreement with the Egyptian Ports Authority for the construction, development, and operation of a multi-purpose terminal at the Port of Safaja, with an investment of \$200 million over three years.²⁵ These investments are not limited to Abu Dhabi-based companies. The Dubai-based DP World logistics giant also invests in these fields in Egypt, owning a port in Al Ain al-Sokhna (العين السخنة) and a special economic zone in the same port, five logistics offices in various locations, and four maritime service centres in Egyptian ports.²⁶ DP World is also expanding its operations to the Suez

²² International Consortium of Investigative Journalists, "Power Players: UAE," accessed September 26, 2024, <https://www.icij.org/investigations/pandora-papers/power-players/>.

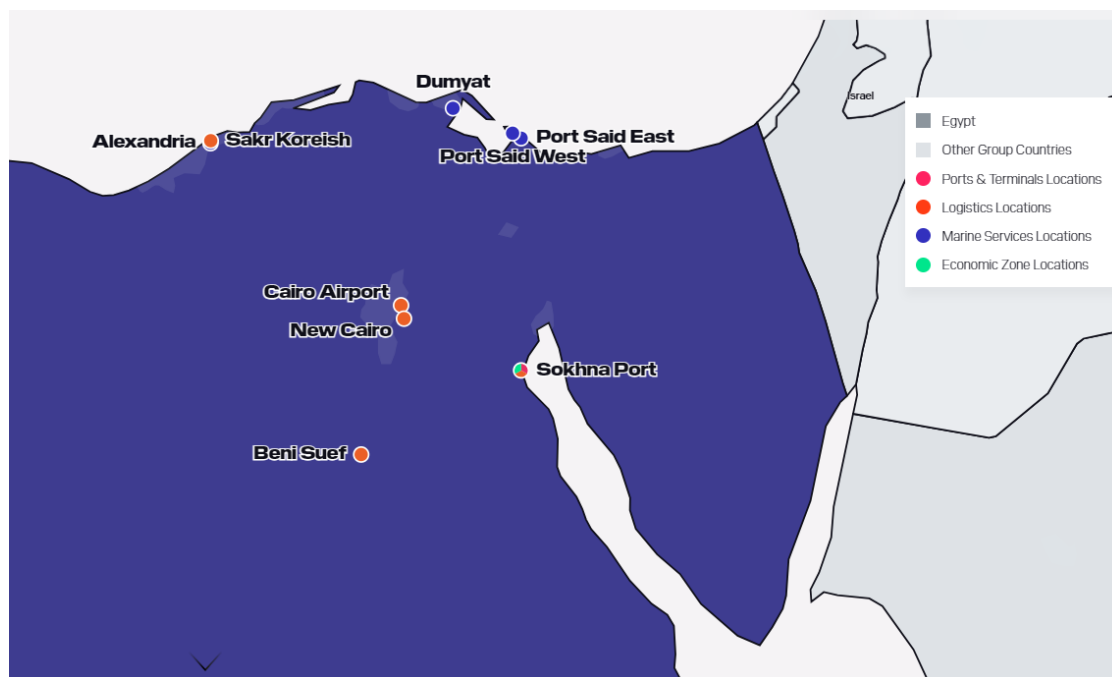
²³ WAM, "AD Ports Group agrees to acquire majority stakes in Egypt's Transmar and Transcargo International," July 1, 2022, <https://www.wam.ae/en/details/1395303062528>.

²⁴ Ibid.

²⁵ AD Ports Group. "AD Ports Group and RSPA Sign Definitive Concession Agreement to Develop and Operate Multipurpose Terminal in Safaga Port." December 27, 2023. <https://www.adportsgroup.com/en/news-and-media/2023/12/27/adpg-and-rspa-sign-agreement-to-develop-and-operate-multipurpose-terminal-in-safaga-port>; Port Technology International. "AD Ports Inks 30-Year Concession for Safaga Port Development." March 21, 2023. <https://www.porttechnology.org/news/ad-ports-inks-30-year-concession-for-safaga-port-development/>.

²⁶ DP World. "DP World Sokhna Nearing Completion of \$520 Million Port Expansion Project." Accessed September 29, 2024. <https://www.dpworld.com/news/releases/dp-world-sokhna-nearing-completion-of-520-million-port-expansion-project/>; Ahram Online. "UAE's DP World Starts Building \$80 Mln Logistics Park in Egypt's Ain Sokhna." November 28, 2023.

Canal Economic Zone, aligning with Chairman Sultan Ahmed bin Sulayem's statement that the company's strategy is focused on "industrial zones."²⁷



Map showing Dubai Ports World assets and maritime infrastructure in Egypt.

Source: Company website <https://map.dpworld.com/>

Emirati groups have made significant acquisitions in the tourism industry, many of which are linked to the shipping sectors. Especially in coastal areas, as well as other investment sectors, including real estate and transportation infrastructure. At the same time, investments in tourism appeal to completely different target audiences. ADQ's planned Ras el-Hekma city on Egypt's Mediterranean coast will be developed in what is currently an agricultural area with limited domestic tourism activity. The project, signed in February 2024, will cover 170 million square kilometres and serve both as a free trade zone and a tourism destination with recreational, residential, and commercial facilities. The city's infrastructure will also be designated for advanced technological ventures, ecotourism, institutions, and essential services such as hospitals, schools, and universities, with a special emphasis on

<https://english.ahram.org.eg/NewsContent/3/12/513043/Business/Economy/UAE%E2%80%99s-DP-World-starts-building--mIn-logistics-park.aspx>; DP World. "Egypt Country Overview." Accessed September 29, 2024. <https://map.dpworld.com/#!displayMode/2/country/EGY/pillars/15>.

²⁷ Zawya. "Dubai's DP World Keen on New Projects with Egypt's Suez Canal Economic Zone." Accessed September 29, 2024. <https://www.zawya.com/en/business/transport-and-logistics/dubais-dp-world-keen-on-new-projects-with-egypts-suez-canal-economic-zone-jt3hso4i>.

business zones and logistics centres to attract international companies.²⁸ The infrastructure will include a yacht marina, a cruise ship port, and a new international airport with revenue shared with Egypt. The project will link the tourism infrastructure with the shipping and logistics infrastructure. The UAE's \$36 billion investment in the project is the largest foreign direct investment (FDI) in Egypt's history. Of this amount, ADQ will pay 24 billion to the Egyptian New Urban Communities Authority (NUCA) for land development rights and will invest in other leading projects in the country. NUCA will channel 35% of these projects' profits to Egypt. The additional \$11 billion will be deducted from the UAE's deposit with the Central Bank of Egypt, thereby reducing Egypt's external debt and increasing its foreign exchange reserves. Egyptian officials estimate that the new city will annually attract 8 million new tourists to Egypt upon completion.²⁹ Beyond the project importance to Egypt's development and the UAE's economic gains, it also has social implications for the region in shaping cultural consumption, leisure and entertainment trends, and business culture.

Just as Dubai and Abu Dhabi compete for shipping investments in Egypt, their companies are also vying for large-scale tourism projects in the country. Whereas ADQ has secured the Ras el-Hekma project, Emaar Misr, owned by the Dubai-based real estate and construction company Emaar³⁰ has built a recreation and leisure complex in the Mediterranean resort town of Marassi.³¹ Both projects are expected to be completed in 2025, suggesting either competition between Abu Dhabi and Dubai-based companies or a coordinated acquisition strategy orchestrated by the UAE in collaboration with the Egyptian government. Despite competition between the companies, the UAE's leadership clearly defines their investment targets, locations and even timetables, and the companies operate in coordination with the leadership.

Emirati companies and venture funds also invest in Egypt's energy sector, mainly focusing on renewable energy and natural gas projects. One of the main projects is being carried out

²⁸ ADQ. "ADQ-led consortium to invest USD 35 billion in Egypt." February 23, 2024. <https://www.adq.ae/newsroom/adq-led-consortium-to-invest-usd-35-billion-in-egypt/>.

²⁹ Shawkat, Yahia. "Understanding Egypt's Ras Al-Hekma Land Deal: No Panacea." *The Tahrir Institute for Middle East Policy*, March 12, 2024. <https://timep.org/2024/03/12/understanding-egypts-ras-al-hekma-land-deal-no-panacea/>; "Ras El-Hekma." *Arab Urban Development Institute Info Hub*. Accessed March 17, 2024. <https://araburban.org/en/fohub/projects/?id=7559>.

³⁰ Emaar was established as a wholly-owned Dubai government company and gradually became a public company, with the ruler of Dubai and the Investment Corporation of Dubai the two largest shareholders.

³¹ Amnon Direktor, "Colorful, Bold and Immersive: An Entertainment Complex in Egypt Built in Just Six Months," *Ynet*, September 30, 2024. <https://www.ynet.co.il/architecture/article/bjvdkmbra>.

by Mubadala Petroleum, which holds 10% of the rights to the Zohar gas field, 20% in the Noor gas field, and 27% in Egypt's Red Sea Block 4.³² This control enables the UAE to exploit Egypt's strategic energy resources whilst gaining a foothold in economic and political decision-making in Egypt and the surrounding maritime space. Furthermore, the renewable energy company Masdar has signed a deal with two other companies to establish one of the largest wind farms in the world. The \$10 billion project is expected to generate 810,000 megawatt-hours (MWh) and reduce about 9% of Egypt's carbon emissions, while supporting the country's goal of reaching 42% of renewable energy by 2030.³³ The project will save Egypt about \$5 billion annually for natural gas imports, reducing the volume of natural gas it currently buys from Israel. Another investment, the February 2023 acquisition of Total Energies Marketing Africa by the Abu Dhabi National Oil Company (ADNOC Distribution), a subsidiary of the Abu Dhabi National Oil Company, gives Abu Dhabi control of 240 petrol stations and related services in Egypt.³⁴

The UAE also invests in Egypt's food sector. The Emirati food and beverage group Agthia, mostly owned by the Abu Dhabi government through the ADQ Fund, acquired 60% of the Egyptian snack company, Abu Auf in July 2022 for \$154.9 million.³⁵ Abu Auf manufactures food products for the local and international markets and operates over 190 branches in Egypt. In September 2023, the Emirati company Global Investment Holding acquired a 30% stake in the Egyptian tobacco manufacturer Eastern for \$625 million.³⁶ Investments in the food sector contribute to the UAE's food security, which is constrained by its limited agricultural cultivation and food production. Taken together, these investments clearly reflect Emirati efforts to reduce reliance on imports and foreign purchases through a strategy of controlling foreign production and distribution. Emirati-backed agricultural and food industries in Egypt, along with its seaports, enable the UAE to distribute food products,

³² Oil & Gas Middle East, "UAE Mubadala Expands Natural Gas Investments in Egypt," accessed September 30, 2024, <https://www.oilandgasmiddleeast.com/news/uae-mubadala-egypt-natural-gas>.

³³ Masdar, "Masdar and Infinity Power Sign Agreement for 200MW," Masdar Newsroom, accessed September 30, 2024, <https://masdar.ae/en/news/newsroom/masdar-and-infinity-power-sign-agreement-for-200mw>.

³⁴ Arabian Gulf Business Insight, "ADNOC Distribution Expands into Egypt with TotalEnergies Acquisition," February 10, 2023, <https://www.agbi.com/energy/2023/02/adnoc-distribution-expand-egypt-totalenergies-purchase/>.

³⁵ Reuters, "UAE's Agthia to Buy 60% Stake in Egypt Snacks Firm Abu Auf," July 14, 2022, <https://www.reuters.com/markets/deals/uaes-agthia-seeks-buy-60-stake-egypt-snacks-firm-abu-auf-2022-07-14/>.

³⁶ Forbes Middle East, "UAE's Global Investment Holding Acquires 30% of Egypt's Eastern Company," September 1, 2023, <https://www.forbesmiddleeast.com/industry/business/uae-global-investment-holding-company-acquires-30-of-egypts-eastern-company>.

including those sources from deep within Africa, while presenting them as locally grown and produced.

Investments in Jordan

The UAE is Jordan's largest foreign investor, with investments of \$4 billion by 2020, representing about 14% of the country's foreign direct investments.³⁷ The UAE's geographical hold in Jordan is particularly prominent in the fields of real estate, tourism, and urban development, especially in the Red Sea port town of Aqaba in the country's south. The first major deal in Jordan was launched in 2008 by the Abu Dhabi-based Emirati Al-Maabar International Investments to purchase 3.2 square kilometres of land near Aqaba for \$500 million and three percent of the project's profits.³⁸ Various Emirati companies later joined the project, including Dubai's Eagle Hills, which currently controls most of it, and Abu Dhabi Ports, responsible for developing its marine infrastructure.

The "Marsa Zayed" (Arabic for "anchor") project was named after the founder and first president of the United Arab Emirates, Sheikh Zayed bin Sultan Al-Nahyan, underscoring the UAE's anchors strategy and the importance of imprinting the name of the UAE's founder in the beating heart of Jordan's economic and tourism centre. The \$10 billion mixed-use project is designed for tourism, upscale residential neighbourhoods, commerce, and more.³⁹ Its first phase, completed in 2013, consisted mainly of infrastructure such as roads, water and sewage systems, electricity, and communications.⁴⁰ The project continues to progress and develop hotel complexes, housing units, parks, and Jordan's first cruise ship terminal.⁴¹ Particularly interesting are the rights Jordan granted to the UAE as part of this deal to develop a strategic 2-kilometer area of the coastline south of Aqaba near the border with Saudi Arabia. The pier and passenger terminal were built in cooperation with Abu Dhabi Ports, connecting the real estate project with the tourism and shipping sectors and reflecting

³⁷ WAM. "UAE Announces 'Zayed the Inspirer' Initiative." September 29, 2024. <https://www.wam.ae/en/details/1395303216602>.

³⁸ Ammon News. "King Abdullah II Lays Foundation Stone for Marsa Zayed Project in Aqaba." Ammon News, May 27, 2010. <https://en.ammonnews.net/article/21610>.

³⁹ Gulf Weekly. "\$10 Billion Plan for Aqaba." Gulf Weekly, May 27, 2008. <https://www.gulfweekly.com/Articles/21561/10-billion-plan-for-Aqaba>.

⁴⁰ Hussein Atieh & Sons Co. "Marsa Zayed Project." Accessed September 30, 2024. <https://www.hae.com.jo/node/116>.

⁴¹ Eagle Hills Jordan. "Experience Luxury: Villas and Town Houses in Al Raha Village." Accessed September 30, 2024. <https://eaglehillsjordan.com/al-raha-village/>.

cooperation between companies from Dubai and Abu Dhabi.⁴² Emirati companies from Dubai and Abu Dhabi are building, developing and managing additional hotel complexes, such as the Saraya Aqaba waterpark complex and the St. Regis Hotel in Amman.⁴³

In the field of shipping, logistics, and maritime transportation, Abu Dhabi Ports is developing another venture called "Makta Ayla" together with the Aqaba Development Corporation (ADC) to operate the Port of Aqaba using an advanced digital system.⁴⁴ The Aqaba ports are of great importance, due to their location at the intersection of Asia, Africa, and Europe, channelling 80% of Jordan's exports and 65% of imports. The container terminal, which serves as a major transit point for trade between neighbouring countries, is the second busiest in the region in terms of volume and the fourth largest, with annual traffic of 1.3 million TEU (unit of measurement per container volume).⁴⁵

Companies based in the United Arab Emirates are also developing essential infrastructure in Jordan. In November 2023, two memorandums of understanding were signed between the UAE and Jordan, the first of which is intended to encourage and facilitate cooperation and investments in infrastructure and development projects in Jordan, as well as knowledge and experience sharing. The memorandum includes a \$400 million grant to Jordan for projects of long-term importance, such as educational institutions, a gas pipeline network, a religious tourism project and general budgetary support. The second MoU, signed by ADQ and the Jordan Investment Fund (JCIF), established a \$5.5 billion joint fund for infrastructure

⁴² Seatrade Cruise News. "Aqaba Cruise Terminal Inaugurated by Key Jordan Officials." *Seatrade Cruise News*, September 30, 2024. <https://www.seatrade-cruise.com/ports-destinations/aqaba-cruise-terminal-inaugurated-by-key-jordan-officials>.

⁴³ Hotel News Resource. "Eagle Hills Jordan Appoints Farah Experiences to Manage Saraya Aqaba Waterpark." *Hotel News Resource*, October 9, 2018. <https://www.hotelnewsresource.com/article102017.html>; Zawya. "Saraya Beach Club Opens with Services Brought by Al Manara, a Luxury Collection Hotel, Saraya Aqaba." *Zawya*, August 16, 2020. <https://www.zawya.com/en/press-release/saraya-beach-club-opens-with-services-brought-by-al-manara-a-luxury-collection-hotel-saraya-aqaba-jymrl40w>; ME Construction News. "Eagle Hills Jordan Appoints Farah Experiences to Manage Saraya Aqaba Waterpark." *ME Construction News*, April 5, 2021. <https://meconstructionnews.com/47395/eagle-hills-jordan-appoints-farah-experiences-to-manage-saraya-aqaba-waterpark>; Matt Turner. "Hotel Balzac Opens Japanese-Inspired Spa." *Luxury Travel Advisor*, June 12, 2019. <https://www.luxurytraveladvisor.com/hotels/hotel-balzac-opens-japanese-inspired-spa>.

⁴⁴ The agreement was signed in January 2024 between Abu Dhabi Ports' digital arm, Makta Gateway, and Aqaba Development Corporation (ADC). Makta Gateway has been assigned a 51% stake in the venture, and thus will be the main controlling shareholder in the joint venture. The deal includes the operation of an advanced Port Community System (PCS) to improve logistics, streamline port operations, and communicate with the various port users, as well as communicate more efficiently with other ports deploying the same system.

⁴⁵ WAM. "Maqta Gateway, Aqaba Development Corporation to Digitalise Jordan's Maritime Sector through Maqta Ayla." Emirates News Agency, January 25, 2024. <https://www.wam.ae/en/article/b1bvl0c-maqta-gateway-aqaba-development-corporation>.

and development projects, including a sewage treatment plant, waste-to-energy conversion plants, and a port operation projects in cooperation with the Aqaba Development Company.⁴⁶

In a significant development for Emirati investments in Jordanian infrastructure, the two countries signed four agreements in September 2024 for a \$2.3 billion rail and sea project connecting the port of Aqaba to the Kingdom's phosphate and potash mines in Ghor Al Safi and Shidiya, including the construction of loading and unloading terminals at these locations. The Emirati Etihad Rail Company was designated to carry out the project, from development to the construction and operation of the railway network. The company signed MoUs to transport 16 million tons of phosphate and potash along a 360-kilometer rail network linking the mines to the port of Aqaba, thereby enhancing the logistics and export capabilities of essential products.⁴⁷

In response to global climate change and the related changes in trade, consumption, and regulation, the UAE has been emphasizing investments in environmentally clean and green industries. In May 2022, the UAE, Jordan and Egypt signed the Industrial Partnership Agreement for Sustainable Economic Development. The partnership aims to develop industrial opportunities and green economic growth in the three countries across five main sectors: agriculture, food and fertilizers; pharmaceuticals; clothing and textiles; petrochemicals; and metals. The agreement also points ADQ to manage a \$10 million investment fund aimed at accelerating the partnership's goal.⁴⁸

At a session in February 2023 of the Industrial Partnership for Sustainable Economic Development, the two countries, along with Bahrain, signed a series of investment agreements worth over \$2 billion. The agreements include a commitment from Emirati automaker M Glory to build electric vehicle factories in the United Arab Emirates, Jordan

⁴⁶ Jordan Pulse. "The most prominent projects of the memorandums of understanding signed by Jordan and the Emirates." *Jordan Pulse*, November 2, 2023. <https://www.jordanpulse.com/article/2632>.

⁴⁷ "Jordan, UAE Sign Agreements for \$2.3b Railway Project Connecting Aqaba to Mining Sites." *The Jordan Times*, September 4, 2024. <https://jordantimes.com/news/local/jordan-uae-sign-agreements-23b-railway-project-connecting-aqaba-mining-sites>; Emirates News Agency. "UAE, Jordan Sign Investment Memorandum to Strengthen Cooperation in Railway Sector." <https://www.wam.ae/en/article/b50n9t8-uae-jordan-sign-investment-memorandum-strengthen>.

⁴⁸ Ministry of Foreign Affairs and International Cooperation. "UAE, Egypt and Jordan Sign Industrial Partnership for Sustainable Economic Growth." *United Arab Emirates Ministry of Foreign Affairs and International Cooperation*, May 30, 2022. <https://www.mofa.gov.ae/en/mediahub/news/2022/5/30/30-05-2022-uae-growth>.

and Egypt; a \$200 million investment by Emirates Global Aluminum for the construction of a silicon metal factory in the UAE, with the Jordanian Manaseer Group supplying the crystalline silica needed for production; a \$70 million investment by the Manaseer Group expanding its magnesium oxide plant in Jordan in order to increase production and export capacity to the United Arab Emirates, and more.⁴⁹ These investments are intended to create an additional dimension of industrial development connectivity.

All these projects point to the UAE's broad geographical strategic presence in Jordan. They depend on stable, long-term cooperation, fostering interdependence between the countries and offering potential for regional connectivity with Saudi Arabia, Israel, and beyond.

Investments in the Gaza Strip

The UAE had sought to expand its footprint in the Gaza Strip in recent decades, but was reluctant to make significant investments there due to its opposition to Hamas rule and concern that the funding would be diverted for military purposes rather than civilian use. The UAE's limited influence cemented Qatar's prominent presence in Gaza, which it considered a competitor and sometimes even a rival. Thus, implementation of many projects was stalled in their initial stages and only a small part of the UAE's donations and commitments were realized. Most UAE investments consisted of donations and humanitarian aid, largely by government agencies rather than private companies.⁵⁰ Nonetheless, the UAE established several humanitarian institutions, residential neighbourhoods, and a few infrastructure projects with a physical and symbolic presence:

Sheikh Zayed Hospital and other medical centres: The United Arab Emirates funded the construction of the \$15 million Sheikh Zayed Hospital in the northern Gaza Strip, which opened in 2015 and provided basic and advanced health services. The hospital was built

⁴⁹ "Companies from the UAE, Egypt, Jordan and Bahrain Sign Industrial Partnership Agreements Worth \$2 Billion." *Ministry of Industry and Advanced Technology*, February 27, 2023. <https://moiat.gov.ae/en/media-center/news/2023/02/27/jordan>.

⁵⁰ "While Israel's Gulf ties soar, UAE and Abbas's PA now bitterly at odds." *Times of Israel*, November 25, 2018. <https://www.timesofisrael.com/while-israels-gulf-ties-soar-uae-and-abbass-pa-now-bitterly-at-odds/>; "UAE donates Dh258m in support of Palestinians." *The National*, April 16, 2018. <https://www.thenationalnews.com/uae/government/uae-donates-dh258m-in-support-of-palestinians-1.723987>; World Health Organization (WHO), "WHO calls for sustainable solution to health sector power shortages in Gaza, February 2018." February 8, 2018. <https://www.emro.who.int/opt/news/who-calls-for-sustainable-solution-to-health-sector-power-shortages-in-gaza-february-2018.html>; "United Arab Emirates Announces a Contribution of US \$15 Million for Immediate Humanitarian and Rehabilitation Needs in Jenin." UNRWA, July 6, 2023. <https://www.unrwa.org/newsroom/news-releases/united-arab-emirates-announces-contribution-us-15-million>.

within the framework of UAE support for the Palestinian health system in Gaza. In addition to the main hospital, the UAE funded several smaller medical centres, including a primary care facility in Gaza City and clinics in Khan Yunis, aimed at reducing strain on larger hospitals and improving access to healthcare.

Rehabilitating the education system: The UAE built and rehabilitated a number of schools damaged during various rounds of fighting in Gaza, including the Al-Nakhaba School built at a cost of about \$3 million.

Housing reconstruction following Operation Protective Edge in 2014: The UAE donated approximately \$200 million to rebuild or renovate hundreds of housing units, mainly in the Khan Yunis and Rafah areas in the southern Gaza Strip, which were damaged or destroyed during conflicts. The project was part of the Gaza Reconstruction Mechanism (GRM) for cooperation between the Palestinian Authority, the UN, and Israel in the wake of the 2014 war.

Water and electricity infrastructure: The UAE also committed to financing the rehabilitation of Gaza's water and electricity infrastructure, totalling about \$50 million, after the fighting in 2014. However, the projects faced delays due to Israeli restrictions on construction material imports and other security measures.

Ten years later, the Iron Swords War (October 7, 2023) eliminated Qatari and Hamas control over Gaza investments, paving the way for significant UAE involvement and underscoring its strategic approach. Through various humanitarian initiatives during the war, the UAE has become one of the most active participants in the Gaza Strip.

The UAE provided more than 40,000 tons of aid, including food and medical supplies on 10 ships, 1,300 trucks, 316 flights, and 104 parachute drops.⁵¹ In December 2023, the UAE established a field hospital to treat Gaza residents under the supervision of an Emirati medical team. The hospital included operating rooms, an intensive care facility, imaging equipment, a laboratory, and a pharmacy.⁵² By December 2024, the hospital had treated more than 20,000 patients.⁵³ In addition to the hospital, the UAE provided first aid medical equipment to various locations in the Gaza Strip. The UAE also funded the construction of

⁵¹ As of September 12, 2024.

⁵² "Emirati Integrated Field Hospital Launched in Gaza." *Government of the United Arab Emirates*, December 3, 2023. <https://www.mofa.gov.ae/en/mediahub/news/2023/12/3/3-12-2023-uae-ghaza>.

⁵³ Conversation with COGAT representative, December 18, 2024

logistical infrastructure to facilitate food distribution in Gaza, in cooperation with World Central Kitchen (WCK), the Government of Cyprus, and the United States, leveraging its expertise in maritime transportation. The launch of a sea route for food deliveries from Cyprus to Gaza during the height of the fighting marked a historic milestone, establishing a maritime link between Gaza and international ports.

The UAE also provided immediate solutions to the severe water shortages caused by the war, laying pipelines to displaced persons camps (mainly in Rafah), repairing damaged water and sewage lines, and establishing mobile desalination plants. In July 2024, the UAE established a network of water facilities in Rafah, Egypt, about 500 meters from the crossing into Gaza, with six desalination plants, 3.2 kilometres of cross-border pipes, and four water tanker filling points. This network provided approximately 1.6 million litres of water daily to more than 600,000 Gaza residents.⁵⁴ In August, it was reported that the UAE had begun rehabilitating and operating water networks in northern Gaza after signing a memorandum of understanding with the Gaza Municipality.⁵⁵ The IDF's May 2024 deployment in Rafah cut off desalinated water pipelines to Gaza and closed the Rafah crossing to Egypt, blocking aid trucks. The UAE adapted its activity to these changes in coordination with Israel through the Coordinator of Government Activities in the Territories (COGAT).

The UAE's advantage in the Gaza Strip since the war began stems primarily from Israel's control of the region and its policy of facilitating Emirati and international aid while restricting access to other actors. Effective coordination between COGAT and other official agencies and the relevant parties in the UAE has supported this policy. The Emirati presence in the Gaza Strip is also evident in the display of its flag on trucks and tents it supplies.

These investments partially fill the vacuum created by the war, but their restrictive and temporary framework do not yet point to a clear long-term strategy. At the same time, they certainly attest to Emirati willingness to become an investor in Gaza and influence developments there. Gaza lies at a strategic crossroads between Israel, Egypt, and the Suez Canal, and attracts significant global attention. It also provides the UAE with an opportunity

⁵⁴ "UAE-Built Desalination Plants Deliver 130 Million Gallons of Clean Water to Gaza Strip." *The National News*, July 8, 2024. <https://www.thenationalnews.com/news/uae/2024/07/08/uae-built-desalination-plants-deliver-130-million-gallons-of-clean-water-to-gaza-strip/>.

⁵⁵ "UAE Restores Water Networks in Northern Gaza." *WAM*, September 15, 2024. <https://www.wam.ae/en/article/b4x2niw-uae-restores-water-networks-northern-gaza>.

to utilize its expertise in infrastructure projects, such as building seaport and desalination plants.

Investments in Israel

The Abraham Accords (2020) facilitated long-term economic partnerships between Israel and the UAE, including investments in Israeli infrastructure and cross-border ventures. For the UAE, Israel provides an additional route to the Mediterranean Sea and access to the Palestinian arena, while also emerging as a hub for natural gas exports. The UAE also views Israel as a knowledge economy and a hub for advanced technologies, where investments could establish a physical footprint.

The largest such investment was in the energy sector. In 2021, the Mubadala Investment Company of Abu Dhabi purchased a 22% stake in the Tamar gas reservoir off the coast of Israel, although it subsequently diluted the investment to 11%.⁵⁶ Israel also sought to include the UAE as an observer in the Cairo-based Mediterranean Gas Forum in December 2020, but the Palestinian Authority vetoed the move in March 2021.

The UAE is also involved in Project Prosperity, a groundbreaking trilateral endeavour with Jordan and Israel focused on cross-border cooperation on water and energy security. The MOU between Israel, Jordan and the UAE was signed on November 22, 2021 in Dubai in the presence of Minister of Industry and Advanced Technology Sultan bin Ahmed Al Jaber; US presidential climate envoy John Kerry, Miriam Bint Mohammed Al-Meiri, Minister of Climate Change and the Environment, Mohammed Al-Najjar, Minister of Water and Irrigation of Jordan, and Karin Elharrar, Minister of Energy of Israel. Under the agreement, the UAE's state-owned company Masdar (a subsidiary of Mubadala) would build a 600-megawatt solar farm in Jordan. Jordan would operate the farm and sell electricity to Israel in exchange for 200 million cubic meters of desalinated water annually.⁵⁷ The project offers geopolitical, economic, and environmental benefits and aligns with other UAE-backed initiatives in Jordan and Egypt. However, bureaucratic hurdles in Israel, and political opposition in Jordan

⁵⁶ Mubadala Energy, "Israel - Tamar Field". Accessed September 30, 2024. <https://mubadalaenergy.com/portfolio/israel/>; Eitan Gerstenfeld, "Aharon Frenkel increases control of the Tamar reservoir at a value of \$7.1 billion." Bizportal, March 13, 2024. <https://www.bizportal.co.il/capitalmarket/news/article/825342>.

⁵⁷ **Prime Minister's Office (Israel)**. "Israel Signs Groundbreaking Water-for-Energy Deal with Jordan and UAE." Last modified November 8, 2022. https://www.gov.il/en/pages/press_081122; **Hutuf Mansour and Alexander Reiffenstuel**, "The Jordan-Israel-UAE Water-for-Energy Deal." *Konrad Adenauer Stiftung*, July 2022. <https://www.kas.de/documents/279984/280033/The+Jordan+Israel+and+UAE+Water-for-energy+Deal.pdf/568a4188-8946-a625-96a1-75751132f8f6>.

have stalled implementation.⁵⁸ Like other regional cooperation projects, ongoing instability in the Israeli-Palestinian arena - exacerbated by the October 7 war -, threaten Emirati investments, both in terms of profitability and image. The inability to promote significant cooperation also deepens the crisis between Israel and its neighbours.

Overall, the UAE's regional anchors strategy has been unsuccessful in Israel. Several Emirati attempts to acquire Israeli infrastructure and assets either failed or stalled early on, including efforts to purchase the Haifa Port and establish a fuel trade route from Eilat to Ashdod.

In 2021, DP World and its partner bid to acquire the Port of Haifa and develop it into a major logistics centre. However, the deal collapsed due to regulatory and security concerns, as well as significant business culture differences. Israel's finance ministry claimed that the Emirati proposal sought excessive control, including influence over port appointments, and stressed the need to maintain the port's Israeli character.⁵⁹ DP World, in turn, cited a lack of transparency from Israeli regulators and mounting demands on the company.⁶⁰

Emirati companies also explored developing the Eilat-Ashkelon Pipeline (EAPC) to expand access to the Mediterranean. The privately owned Emirati company MRLB (MED-RED Land Bridge), along with Mubadala and other partners, assessed the feasibility of using the EAPC to transport crude oil from the Arabian Gulf to Europe via Israel, as a cost-effective alternative to the Suez Canal. However, the project encountered widespread opposition in Israel, mainly from environmental groups concerned about its potential impact on the Gulf of Eilat's marine ecosystem⁶¹, leading the government to suspend the agreement.⁶²

⁵⁸ Saud Al-Sharafat, "The Impact of the Gaza War on Israel-Jordan Cooperation." *Washington Institute for Near East Policy*. January 31, 2024. <https://www.washingtoninstitute.org/policy-analysis/impact-war-gaza-israel-jordan-cooperation>; Shani Ashkenazi, "Jordanian Foreign Minister: We Will Not Sign a Water-for-Electricity Agreement with Israel." *Calcalist*, November 16, 2023. https://www.calcalist.co.il/local_news/article/byhw00qna

⁵⁹ Yuval Sadeh, "The Emiratis Withdrew from the Tender for the Privatization of Haifa Port". *Calcalist*, December 2, 2021. https://www.calcalist.co.il/local_news/article/sybod5uyf.

⁶⁰ Guy Lieberman, "DP World from Dubai Threatens to Withdraw from the Tender for the Purchase of Haifa Port." *Globes*, August 2, 2021. <https://www.globes.co.il/news/article.aspx?did=1001380350>.

⁶¹ Ben Balak and Adi Levy. 2021. EAPC-MED-RED Agreement: Mapping Risks to Israel and Policy Recommendations. *Ecology and Environment* 12(4). <https://magazine.isees.org.il/?p=38596>.

⁶² Ilana Kuriel, "The Ministry of Environmental Protection has frozen EAPC's agreement with the UAE." *Ynet*, July 25, 2021. <https://www.ynet.co.il/environment-science/article/hkabmhqro>.

D. Guiding principles of the UAE anchors policy in the Middle East

The concentration of resources and infrastructure in this part of the Middle East reflects its strategic importance to the Emirati leadership, which views it as a major crossroads. Emirati initiatives are creating new economic hubs that integrate transportation infrastructure, trade, resource development, tourism, and industry on a larger scale. For example, the construction of a railway linking Jordan's phosphate factories to Aqaba Port is expected to boost industrial efficiency, resource utilization, and trade connectivity. These projects align with President el-Sisi's and King Abdullah's goals of driving rapid economic growth and modernizing infrastructure. Controlling critical infrastructure also strengthens global energy security by allowing moderate powers to influence global trade routes.

The UAE's geographic focus enables it to link anchors in nearby countries, forming cross-border networks. For example, the development of tourist cities along both sides of the Red Sea in Egypt and Jordan, along with adjacent passenger docks, could create a unified cross-border tourism hub. Another example is the network of UAE-invested ports in Egypt, Jordan, and Somalia, which forms a maritime corridor allowing mostly Emirati companies to control the flow of goods and enabling the UAE to exert political influence over the countries sharing this infrastructure. In fact, the UAE's strategy mirrors China's flagship policy of controlling key maritime routes through state-owned companies, bolstering its role in global trade and expanding its political influence.⁶³ Similarly, the UAE is leveraging its investments to promote a new economic and political order that enhances its regional and global influence.

In other words, the UAE leverages its control over these anchors to influence the foreign policies of target countries in alignment with its own interests. The close coordination between Egypt and the UAE has shaped policies on issues such as the Muslim Brotherhood, the Qatar blockade and subsequent reconciliation, and evolving positions on Iran and Turkey. Similarly, Jordan's foreign policy increasingly reflects Emirati interests. While these political connections existed before, the anchors now strengthen policy coordination on significant regional issues.

While anchor policies benefit destination countries, they also increase their dependence on the UAE and stifle local competition, in some cases eliminating it entirely. Moreover, some countries ease regulatory and bureaucratic hurdles for Emirati ventures, giving them an

⁶³ Jean-Marc F. Blanchard, "Probing China's Twenty-First-Century Maritime Silk Road Initiative (MSRI): An Examination of MSRI Narratives," *Geopolitics* 22, no. 2 (2016): 246–268.

edge over local initiatives or foreign proposals. For example, the Abu Dhabi Ports Group (AD Ports) won an Egyptian port operations concession while local logistics companies struggled to obtain similar contracts. Emirati projects are often fast-tracked and approved within months, which has cast a negative light on some investments. This perception is exacerbated by concerns over foreign control of national assets. For example, in Egypt, social movements and opposition groups have accused the government of "selling out" the state to solve short-term economic problems.⁶⁴ Public backlash has also been driven by political ideologies. In Jordan, opposition to Project Prosperity reflects broader political concerns, while in Gaza, growing Emirati involvement since the war has fuelled resentment toward a country that normalised relations with Israel. In Jordan, Emirati projects have also faced criticism for deepening social inequalities, as seen with the luxury Marsa Zayed project in Aqaba, which primarily attracted Gulf investors and tourists, displacing local residents. In Israel, too, public opposition emerged against Emirati acquisitions, including the Haifa port purchase and operation of the EAPC, with environmental concerns playing a key role in the latter case.

The anchors strategy is also constrained by regional instability, including periodic conflicts and rising terrorism. Houthi attacks, for example, threaten Red Sea shipping lanes, posing economic risks to UAE-controlled industries. The Iron Swords War initially disrupted UAE-Israel cooperation and later halted major Emirati projects planned for Syria and Lebanon. These challenges highlight the strategy's limitations, as its success depends largely on stability. At the same time, they reinforce the UAE's vested interest in regional stability and peace processes - not only ideologically but also as a means of protecting its economic investments.

E. The anchors and connectivity impact on Israel and the Israeli-Palestinian conflict

Effects on Israel

The implementation of the UAE's anchors strategy is reshaping the dynamics and balance of power in the Middle East, with potentially far-reaching implications for Israel, given the

⁶⁴ Middle East Eye, "Has Egypt sold its 'most beautiful' beach town to the UAE?" 02 February 2024. <https://www.middleeasteye.net/news/egypt-uae-sold-most-beautiful-beach-town>

proximity of many anchor projects. From an economic perspective, foreign investment in neighbouring countries and the development of new and diverse sources of employment, are expected to create a more competitive regional environment for Israel. However, these changes also present an opportunity - if Israel can integrate into these projects, it stands to benefit from a stronger regional economy. The potential political implications are even more significant. A clear trend is emerging in which Israel and the UAE will soon engage not only bilaterally but also trilaterally, multilaterally, and regionally. In other words, points of contact between the two countries will increase significantly due to Emirati anchors in Israel's neighbouring countries. For example, if Israel seeks to develop a new tourist route between the Red Sea port towns of Aqaba and Eilat, it will need to coordinate with Emirati representatives managing the Aqaba passenger port. Similarly, any attempt to renew water supply agreements with Jordan will require engagement with the UAE, which is constructing a desalination plant and laying water pipelines there. The new connectivity pathways created by the UAE's anchors strategy challenge traditional dichotomies between bilateral and regional relations.

The UAE's anchors in countries adjacent to Israel, such as Jordan and Egypt, grants it strategic foothold in areas critical to Israel's security. For example, controlling logistical infrastructure such as ports and power plants could enable the UAE to mediate role in a regional crisis but may also create challenges related to the parties' dependence on these facilities and security sensitivities.

The potential for deeper integration into adjacent regions and greater connectivity through joint projects is perhaps the most significant opportunity for Israel in this emerging trend. In other words, by engaging with Emirati projects in the region, Israel could strengthen its political relations with Jordan, Egypt, and even the Palestinians - if it chooses to cooperate and steer in this direction.

However, UAE investments in Israel face significant challenges, with potential implications for bilateral relations in the coming years. Despite strong investment prospects in infrastructure, energy, and tourism, many deals have stalled due to differences in business culture and Israel's security concerns. Israel could have greatly increased its regional connectivity by transferring control of the Haifa port to UAE-affiliated entrepreneurs (while addressing security implications), and by promoting an alternative to Emirati oil transfers through EAPC (while dealing with the environmental consequences) via an overland

transportation route from the Gulf through Jordan. Nonetheless, the 2023 sale of Haifa Port to India's Adani conglomerate does not preclude Israeli-Emirati cooperation in transportation, as India remains a key player in the India–Middle East–Europe Economic Corridor (IMEC), intended to connect the economies of India, the Gulf, the Palestinians, and Israel to Europe as an alternative to China's Belt and Road Initiative (BRI).

Effects on the Israeli-Palestinian Conflict

The UAE's growing presence in the Israeli-Palestinian arena, especially in the Gaza Strip, reflects its strategy of expanding regional economic and political influence. While the UAE benefits financially from these activities, its anchors policy also has the potential to promote regional stability, economic prosperity, and even peacebuilding.

The Iron Swords War has intensified the UAE's desire for a stronger presence in the Palestinian arena. The dire aid shortages and infrastructure destruction in the Gaza Strip provided an opportunity for the UAE to offer quick solutions, gaining a foothold on the ground and directly impacting the lives of residents. These efforts were made possible through the access Israel granted the UAE, while pushing out other actors. The UAE's new anchors in the Gaza Strip since the outbreak of the war include water pipes, hospitals, refugee camps, a sea route for aid delivery, access roads for food transportation, and communications infrastructure. These investments give the Emiratis a built-in advantage in the future management and reconstruction of the Gaza Strip.

The immediate and long-term effects of UAE policy on the Israeli-Palestinian arena include:

1. The UAE's policy reflects its desire for greater involvement in Gaza, aligning with Israel's interest in a significant role for a moderate force that supports humanitarian solutions and promotes stability and tolerance in the region.
2. Through its economic anchors, the UAE aims to influence the Palestinian political landscape, bypassing the influence of Hamas and the Palestinian Authority under Abu Mazen. This strategy strengthens the UAE's status as a moderate power, firmly entrenched in the Arab world, while also enabling cooperation with Western elements such as Israel and the United States.
3. Increased Emirati involvement could also create a new dynamic, balancing the influence of Qatar, which played a significant role in the survival and military buildup of Hamas until the war.

4. The consolidation of Emirati anchors in Gaza could also serve as an additional communication channel between Israel and the Palestinian Authority, facilitated by a moderate and balanced third party. This structure would enable Israel to be assisted by a reliable actor in managing economic and humanitarian ties with the Palestinian government, however complex they may be.
5. On the other hand, greater Emirati involvement could put pressure on Israel to grant the UAE more leeway in the Palestinian arena, potentially conflicting with Israeli interests on certain issues.
6. Investing in anchors involves long-term contracts and a strong presence on the ground, which can have both advantages and disadvantages for Israel. On the one hand, these investments reduce the likelihood of conflict between the investor state and the host country, creating opportunities for more effective cooperation. On the other hand, while the UAE is perceived as a peace-oriented country, economic and infrastructural dependence on it could provide future leverage over Israel in times of security escalation.
7. A bird's-eye view of the UAE's anchor investments across the Middle East and the Horn of Africa highlights the potential for cross-border physical connections. The UAE is advancing a vision of regional connectivity through investments in cross-border infrastructure such as ports, land corridors, and maritime routes, expanding its "impact map" in these regions. If realised, this vision could provide Israel with an opportunity to integrate into broader regional infrastructure, strengthening regional stability and economic ties with neighbouring countries like Jordan and Egypt - where relations remain weak - as well as with states that do not have official relations with Israel. If approached strategically, this connectivity could also enhance Israel's energy and food security.

From an Emirati perspective, expanding its presence in the Israeli-Palestinian arena will enable it to complete its network of assets across the Jordan-Egypt-Sudan-Somalia region and establish control over key areas of regional activity. Strengthening its influence in this strategically significant region, which attracts global attention, will also bolster its status as a key player in international diplomacy.

F. Policy recommendations

The UAE's strategy of investing in anchors to expand its economic and political influence in the Middle East presents Israel with a unique opportunity to enhance regional stability, foster strategic cooperation, and deepen its regional standing in other arenas. Following are some recommendations in this regard:

1. **Strengthening regional-strategic cooperation with the UAE**

- Israel could position itself as a key link in the UAE's efforts to establish economic networks across the Middle East, leveraging this role to advance strategic cooperation in fields such as energy infrastructure, transportation, and cross-border tourism.
- Project Prosperity exemplifies the benefits of multilateral cooperation and should be revived and expanded to other initiatives. Beyond increasing Israel's renewable energy supply and enhancing Jordan's water resources, the project has the potential to serve as a hub for cooperation in the field of innovation, strengthen ties between Israeli, Jordanian, and Emirati (and potentially Palestinian) companies, foster trust through people-to-people connections, and bolster Israel's expertise in infrastructure development - particularly in cross-border projects.
- The UAE's gas pipeline network in Jordan could be linked to Israeli natural gas facilities and potentially extended to supply other Gulf countries at the source.
- Tourism in Eilat and its surroundings remains largely disconnected from trends in neighbouring Jordan and Egypt. The UAE, through its investments and operations in regional tourism infrastructure, could help integrate Israel into these networks, broadening the reach and appeal of Israel's tourism industry.
- Similarly, Emirati involvement could facilitate connections between Eilat and nearby ports in Jordan and Egypt, where it is investing. Israel should maximize cooperation with its neighbours in trade and port

operations, while minimizing the environmental hazards associated with expanding activity at the Port of Eilat.

2. **Using the UAE to facilitate Israeli involvement in Gaza's reconstruction**

- The UAE has demonstrated its capacity to coordinate with Israel on Gaza-related issues and address the needs of all sides. Its anchors policy could support Israel in a long-term reconstruction process, while preventing external influences by extremist elements. This cooperation could also help Israel strengthen ties with other countries, such as Jordan and Egypt. Below are some concrete recommendations:
 - A permanent coordination mechanism should be established between COGAT, Israeli government officials, and UAE representatives to create permanent infrastructure for humanitarian projects, as well as the reconstruction and development of the Gaza Strip.
 - Israel's participation in the reconstruction and humanitarian efforts in the Gaza Strip is the right moral stand. It also can improve its image in the region, foster dialogue with Gulf states involved in these processes, facilitate concrete cooperation on the ground, and create opportunities for Israel to rebuild relationships with Gaza's residents.
 - In light of Israel's refusal to discuss post-war arrangements for Gaza's governance, many decisions regarding the "day after" in the Gaza Strip are being made in regional and international forums without its involvement. The UAE, which maintains close contact with senior Israeli officials, could serve as a mediator to help Israel join the decision-making circle. This would benefit Israel by enhancing its political integration in the region and allowing it to shape the conditions, administration, and planning in the Gaza Strip in a way that aligns more closely with its interests.
 - The UAE has positioned itself as a moderate diplomatic ally of Western countries, aspiring to play a key role in the reconstruction of the Palestinian space. Israel can cooperate with the UAE on initiatives that promote values of moderation and tolerance in the region, such as

education, health, and economic development projects, while ensuring its security is upheld.

3. **Safeguarding Israel's strategic interests**

- Israel must maintain control of key infrastructure, such as the ports of Haifa and Eilat, to safeguard its security and regulatory interests.
- Any future agreements must include clauses that guarantee Israeli sovereignty and full supervision over strategic facilities, even those involving foreign investments.
- Promoting business and economic cooperation between Israel and the UAE should ultimately strengthen Israelis' socio-economic well-being, ensure a fair distribution of wealth, and prevent the privatisation of national resources.

4. **Developing a long-term vision of regional connectivity**

- The UAE is advancing cross-border transportation networks that connect ports, cities, and resources across the Middle East and the Horn of Africa. Israel must establish a clear strategic vision for its own transportation and economic connectivity in the region, extending beyond the potential links with Egypt, Jordan, and the Gaza Strip. This will enable Israel to integrate more effectively these regional developments.
 - Projects such as the IMEC "Indo-European Trade Corridor" have the potential to transform Israel into an important transportation hub, bridging the Mediterranean, Red Sea, and Arabian Gulf. Israel must proactively prepare for these opportunities by designing guidelines that align with its own goals and objectives.
 - The smart cities and tourist destinations currently being developed in Saudi Arabia present opportunities to expand the economy and tourism in Eilat and its surroundings. The UAE plays a central role in these projects, leveraging its influence over land and sea traffic routes in the Red Sea, while maintaining a crucial strategic relationship with both Israel and Saudi Arabia.
 - Emirati influence and its potential role as a facilitator and executor could enable Israel to connect to regional trends in renewable energy and resource utilization. This could open opportunities for Israel to integrate

into a wider network, potentially including countries with which it currently does not have peace agreements.

In conclusion, Israel must adopt long-term, geographically oriented thinking and a geopolitical strategy similar to those employed by the UAE in the region. This approach will help Israel understand the important processes taking place in its neighbourhood and prevent it from being left behind. Israel can and should take advantage of its central geographic location to strengthen relations with regional countries through economic projects and by leveraging essential infrastructure for the entire region, thereby improving its own political standing.

G. Conclusion and insights

The UAE is challenging existing conventions. It led the Abraham Accords in 2020 and has pursued the normalisation of relations with Iran, Turkey, and Syria. It is now spearheading important regional processes, such as the anchors and connectivity strategy, which contributes to the UAE's systematic rise as an important and influential regional power capable of shaping economic and political trends in the Middle East.

The economic infrastructure the UAE is building yields both economic and political gains, strengthening its own position while also benefiting the countries of the region. It offers a lifeline to economically disadvantaged countries like Egypt and Jordan, creating new employment opportunities for their young populations, accelerating economic development, and enhancing infrastructure on a large-scale and with high quality. The strategy shapes fosters more complex relationships based on mutual economic and political interests, promoting regional stability and redefining the rules of the game by transforming bilateral relations into multilateral opportunities.

For the UAE, this strategy yields greater economic gains than its other foreign policy tools, such as humanitarian initiatives or investments in sports. Politically, its activity creates long-term dependencies for various countries, providing the UAE with a sustained presence on the ground and varying degrees of involvement in the internal and external relations of regional actors, or at the very least, support for its political interests.

For Israel, the UAE's influence over other Arab countries can serve as leverage to promote normalization processes and create cross-border economic linkages. The Emirati projects could allow Israel to connect more deeply with the region in a more networked way, whether

with traditional peace countries - whose ties are limited and constrained - or with countries with which peace agreements have not yet been signed. It is incumbent upon Israel to understand this trend and take advantage of the opportunities it presents for both itself and the region, while soberly assessing the potential costs of this type of involvement.

The UAE's presence and integration in the Palestinian-Israeli arena require Israel to formulate a policy that, while preserving its national interests, also takes advantage of the opportunities the UAE offers for strategic cooperation. The UAE's economic presence in Gaza, along with its attempts to penetrate the Israeli market, reflect an effort to establish a foothold on both sides and strengthen its status as a future mediator.

While one must not lose sight of the fact that this involvement is likely to create dependence that may serve as leverage on Israel in future crisis situations, the advantages arising from the Emirati strategy far outweigh the disadvantages. They present potential for Israeli integration as a major economic and technological hub into the regional influence map that the UAE is designing, and offers opportunities to enhance Israel's stability and strategic ties in the region.