

SHIFTING SANDS: PUTIN'S STRATEGIC ENDEAVOURS IN THE MIDDLE EAST (PART 1)

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(Views expressed in the brief are those of the author, and do not represent those of ISSI)



To finish the year in a strong manner, Russian President Vladimir Putin paid working visits to the United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA) on December 6, 2023.¹

The visits (to both countries) were conducted within twenty-four hours because President Putin had to return to Moscow for a meeting with Iranian President Raisi the next day.² These visits were termed as a "lightning tour," and a 'potent round' by Russian Presidential Aide Yury Ushakov.³

This was the first time President Putin visited these Middle Eastern countries (or countries of the Persian Gulf) since prior to the start of COVID-19 pandemic. The last time he visited these countries was in October 2019.

Putin's previous visit to these Arab countries proved to be a milestone in their respective bilateral relations with Russia, where UAE signed six agreements with Russia amounting to US\$ 1.3 billion in the fields of energy, advanced technology and health sector.⁴ While twenty agreements (mostly

¹ Alexandra Sharp, "Putin Makes a Rare Middle East Trip", Foreign Policy, published on December 06, 2023.

<https://foreignpolicy.com/2023/12/06/russia-putin-visits-uae-saudi-arabia-israel-hamas-war-cop28/>

² "Putin Hails Ties With Iran in Meeting With Raisi", Voice of America (VOA), published on December 07, 2023.

<https://www.voanews.com/a/putin-hails-ties-with-iran-in-meeting-with-raisi-/7389293.html>

³ "Press review: Putin's Arab 'blitz' signals global shift and UK seen as conflict instigator", TASS Russian News Agency, published on December 7, 2023.

<https://tass.com/pressreview/1717175>

⁴ "Russia's Putin signs deals worth \$1.3bn during UAE visit", Al-Jazeera, published on October 15, 2019.

<https://www.aljazeera.com/economy/2019/10/15/russias-putin-signs-deals-worth-1-3bn-during-uae-visit>

MoUs) were concluded between Russia and the KSA in the fields of energy, petrochemicals, transport and Artificial Intelligence (AI).⁵

Although this was a first physical visit of the Russian President to UAE and KSA, regular telephonic contacts were maintained between the leaders.

These visits, which took place in the backdrop of the Ukraine conflict (which is reaching the end of its second year) and the raging Israel-Hamas War, was of immense strategic and economic significance for Russia, KSA and the UAE, especially at a time when: the Russian economy is facing unprecedented Western economic sanctions; a strong campaign by the West in order to diplomatically isolate Russia in the international community; and KSA and the UAE carving out more space for strategic manoeuvring and seemingly distancing themselves from over-dependence on the United States (U.S.).

Similar to his previous visits to the KSA and UAE, President Putin came bearing gifts for his counterparts, however, the makeup of the Russian delegation accompanying him is of utmost importance and shows what was the priority agenda of these visits.

The Russian delegation included Foreign Minister Sergey Lavrov, First Deputy Prime Minister Andrey Belousov, Deputy Prime Minister and Industry and Trade Minister Denis Manturov, Deputy Prime Minister Alexander Novak, the Bank of Russia's Chief Elvira Nabiullina, Roscosmos CEO General Yury Borisov, Rosatom CEO Alexey Likhachev, Russian Direct Investment Fund CEO Kirill Dmitriev, as well as presidential aides Igor Levitin and Maxim Oreshkin.⁶

Apart from the officials accompanying President Putin, representatives of the business community and executives from state-owned corporations and businesses were also part of the delegation.⁷

This makeup illustrates that strengthening of economic ties and further deepening of economic cooperation was the primary focus of President Putin's visits of Riyadh and Abu Dhabi. The absence of any security officials in the delegation is also indicative of the economic thrust of these visits.

⁵ "Putin visits Saudi Arabia in sign of growing ties", Al-Jazeera, published on October 14, 2023.

<https://www.aljazeera.com/news/2019/10/14/putin-visits-saudi-arabia-in-sign-of-growing-ties/>

⁶ "Putin to hold talks in UAE, Saudi Arabia on December 6 - Kremlin aide", TASS Russian News Agency, published on December 5, 2023.

<https://tass.com/politics/1716305>

⁷ "Press review: Putin's Arab 'blitz' signals global shift and UK seen as conflict instigator", TASS Russian News Agency, published on December 7, 2023.

<https://tass.com/pressreview/1717175>

However, it is important to highlight what transpired during President Putin's visits to UAE and KSA respectively. This brief focuses on the visit to the UAE, while its second part will cover the visit to the KSA.

United Arab Emirates:

In his first stop in UAE, President Putin was greeted with a grand welcome that included a 21-gun salute and a military jet flyby. After touchdown in Abu Dhabi, delegation-level talks were held which were followed by a one-on-one meeting with UAE President Mohammed bin Zayed Al Nahyan.

Earlier, the two leaders had met in June 2023 on the sidelines of the 26th St. Petersburg International Economic Forum (SPIEF).⁸ It is important to note that the UAE was the main (honorary) guest country at SPIEF 2023.

The two leaders lauded the "comprehensive and fruitful nature" of the bilateral relationship between Russia and the UAE. President Putin praised the '*unprecedentedly high level*' of Russia-UAE bilateral relations while appreciating the fact that UAE is now the main trade partner of Russia in the Arab world.⁹

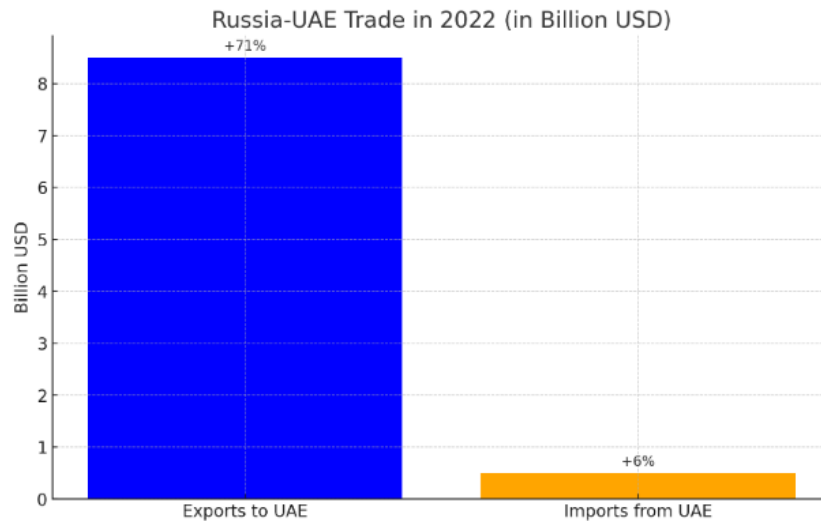
From 2015 till 2021, bilateral trade saw a fourfold increase reaching US\$ 6.3 billion. The year 2022 saw an even steeper increase (68%) in Russia's trade turnover with UAE with Russia's Industry and Trade Minister Denis Manturov stating the bilateral trade volume amounting to US\$ 9 billion. The trade balance highly favours Russia, with Russian exports being US\$ 8.5 billion while UAE's exports to Russia in 2022 totalling US\$ 500 million.¹⁰ (See Figure 1)

⁸ "Meeting with the President of the UAE Mohammed Al Nahyan", President of Russia, Press Release, published on June 16, 2023.

<http://en.kremlin.ru/events/president/news/71444>

⁹ "UAE is Russia's main trade partner in the Arab world - Putin", Interfax, published on December 6, 2023. <https://interfax.com/newsroom/top-stories/97308/>

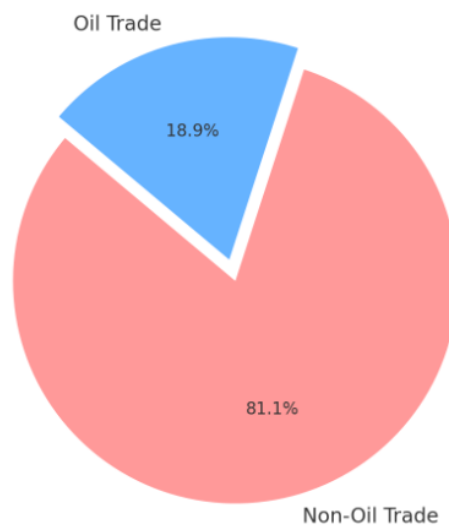
¹⁰ "UAE-Russia Bilateral Trade Up 68% in 2022", Middle East Briefing, published on February 20, 2023. <https://www.middleeastbriefing.com/news/uae-russia-bilateral-trade-up-68-in-2022/>



(Figure 1)

According to Thani bin Ahmed Al-Zeyoudi, the UAE Minister of State for Foreign Trade, the non-oil trade between Russia and UAE during first nine months of 2022 increased by 57% while compounded over full twelve months, the non-oil bilateral trade formed the bulk and amounted to US\$ 7.3 billion (out of the total US\$ 9 billion).¹¹ (See Figure 2)

UAE-Russia Trade Composition in 2022 (in Billion USD)



(Figure 2)

¹¹ "UAE-Russia Bilateral Trade Up 68% in 2022", Middle East Briefing, published on February 20, 2023. <https://www.middleeastbriefing.com/news/uae-russia-bilateral-trade-up-68-in-2022/>

A significant portion of this non-oil trade includes diamond trade as well. Russia is one of the largest diamond producers in the world while UAE is the world's largest diamond-polishing hub.¹² Therefore, trade in this sector has also seen a substantial increase over the past few years.

In the total Russia-Gulf trade, UAE accounts for 55%. Moreover, UAE also accounts for 90% of Russia's total investments in the Arab countries, with the UAE hosting more than 4,000 Russian companies while Abu Dhabi owning 60 major projects in the Russian Federation.¹³

Russia-UAE bilateral trade may experience further increase if the Free Trade Agreement between the UAE and Eurasian Economic Union (EAEU) is signed (discussion are underway).

Coming back to the dialogue between President Putin and President Mohammed bin Zayed Al Nahyan, the latter highlighted that UAE is prioritizing cooperation with Russia in energy, infrastructure, innovations and modern technology domains.¹⁴ The Emirati President noted that UAE remains the top trading partner for Russia among the Middle East countries and is also the top investor in the Russian economy, with investment in non-oil sector surging by 103% over the last year (even post-Ukraine conflict).

President Zayed also appreciated Russia-UAE interactions at various international forums including BRICS, SCO and in the framework of strategic dialogue between Russia and the Gulf Cooperation Council (GCC).¹⁵

On the other hand, President Putin also expressed his satisfaction regarding the UAE beginning its work in the BRICS system and stated his desire to welcome President Zayed to the upcoming BRICS Summit¹⁶ that is scheduled to take place in Kazan, Russia in October under Russia's Chairmanship of BRICS.

¹² "Dubai Becomes Global Hub For Rough & Polished Diamond Trade", Middle East Briefing, published on February 16, 2023.

<https://www.middleeastbriefing.com/news/dubai-becomes-global-hub-for-rough-polished-diamond-trade/>

¹³ "UAE-Russia Bilateral Trade Up 68% in 2022", Middle East Briefing, published on February 20, 2023.

<https://www.middleeastbriefing.com/news/uae-russia-bilateral-trade-up-68-in-2022/>

¹⁴ "UAE focuses on cooperation in energy sphere with Russia - President", TASS Russian News Agency, published on December 6, 2023.

<https://tass.com/economy/1716849>

¹⁵ "UAE interacting with Russia at international platforms", TASS Russian News Agency, published on December 6, 2023.

<https://tass.com/economy/1716845>

¹⁶ "Putin looking forward to welcoming UAE president to BRICS summit in Kazan in 2024", TASS Russian News Agency, published on December 6, 2023.

<https://tass.com/politics/1716779>

Furthermore, President Putin voiced his satisfaction over the implementation of major oil and gas projects between Russia and the UAE, and their active cooperation within the OPEC+ (Organization of the Petroleum Exporting Countries).¹⁷

Energy cooperation between the two countries increased in a significant manner since 2019. Russian companies Lukoil, Gazprom, Novatek,¹⁸ together with the national company of Abu Dhabi ADNOC, are implementing large joint projects for several years now.¹⁹

Both countries have also agreed on the significant oil & petroleum products cuts during the first quarter (Q1) of 2024 in order to curb profiteering and restrict volatility in the global market. Agreed during a November 30, 2023, meeting of OPEC+ members, Russia announced voluntary additional cuts of 200,000 barrels per day (bpd) on top of the 300,000 bpd output cut that is already being implemented. While the UAE announced output cut of 163,000 bpd in Q1 of 2024 (along with other OPEC+ members).²⁰

In addition, Russia and the UAE are also members of the Gas Exporting Countries Forum GECF), where they cooperate with each other in coordinating their policies and work on implementing mutually beneficial working mechanisms.

Moreover, Russia's Deputy Prime Minister Alexander Novak, during delegation-level talks with the Emirati counterparts stated that Russia and the UAE are also exploring opportunities for the certification of equipment and use of Russian equipment in energy projects in the country.²¹ If such agreements are reached, this will definitely provide further impetus to the strengthening of cooperation in the energy field between the two countries.

People-to-people contacts between Russia and the UAE have also seen major improvement over the past few years. The tourism sector is growing exponentially. During his dialogue with his Emirati

¹⁷ "Putin lauds high level of Russia-UAE relations", TASS Russian News Agency, published on December 6, 2023. <https://tass.com/politics/1716789>

¹⁸ "Putin to discuss prospects for cooperation within OPEC+ in Saudi Arabia - aide", TASS Russian News Agency, published on December 5, 2023. <https://tass.com/politics/1716191>

¹⁹ Rosemary Griffin, "Russia, UAE sign new energy cooperation agreements", S&P Global Commodity Insights, published on October 15, 2019. <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/oil/101519-russia-uae-sign-new-energy-cooperation-agreements>

²⁰ "OPEC+ production cuts can continue past Q1 2024 if needed: Saudi Energy Minister", Oil Review, published on December 5, 2023. <https://oilreviewmiddleeast.com/industry/opec-production-cuts-can-continue-past-q1-2024-if-needed-saudi-energy-minister>

²¹ "Russia, UAE discussing equipment use in energy projects - Novak", TASS Russian News Agency, published on December 6, 2023. <https://tass.com/economy/1716831>

counterpart, President Putin noted that approximately 900,000 tourists from Russia visited the UAE last year.²² On the other hand, the share of tourists from the Middle East making bookings to visit Russia also saw a surge of 38% with the majority of those bookings coming from the UAE, according to an online hotel booking service research.²³

Furthermore, President Putin thanked UAE President Zayed Al Nahyan for the opening of a Russian language school in UAE and for providing a plot of land for the construction of an Orthodox church.²⁴

Cooperation in the automobile industry has also commenced between Russia and the UAE. According to Russian Deputy Prime Minister Denis Manturov, the Russian-made Aurus luxury cars enjoy good demand in the Emirates and its government has already placed an order. Besides, during the COP28 hosted in the UAE, Aurus armoured limousines were the official cars for heads of delegations. Production of Aurus cars was launched in the UAE in November 2023.²⁵

Besides that, President Putin and President Zayed discussed and exchanged views on the situation in the 'hotspots' including Ukraine, as well as the Palestinian-Israeli conflict.

The dialogue between the Presidents was followed by a meeting between Mikhail Bogdanov, Russian Special Presidential Envoy for the Middle East and Africa and Deputy Foreign Minister and Khalifa Shaheen Almarar and Ahmed Al Sayegh, ministers of state at the United Arab Emirates' Foreign Ministry²⁶ where they discussed: situation in Syria, Sudan and Yemen; prospects for resolving the Israeli-Palestinian conflict; issues pertaining to the further strengthening of traditionally friendly relations between Russia and the United Arab Emirates; and efforts to boost mutually beneficial trade, economic and humanitarian cooperation and enhance foreign policy coordination, particularly in terms of the UAE's participation in the BRICS group's activities.

²² "Putin thanks UAE president for land plot to build Orthodox church", TASS Russian News Agency, published on December 6, 2023.

<https://tass.com/society/1716825>

²³ "Share of tourists from Middle East growing to 38% - research", TASS Russian News Agency, published on December 11, 2023.

<https://tass.com/economy/1718861>

²⁴ "Putin thanks UAE president for land plot to build Orthodox church", TASS Russian News Agency, published on December 6, 2023.

<https://tass.com/society/1716825>

²⁵ "Aurus cars in UAE purchased for public, private sectors - Russian Deputy PM", TASS Russian News Agency, published on December 6, 2023.

<https://tass.com/economy/1716921>

²⁶ "Russian, UAE diplomats discuss ways to resolve Middle East conflict", TASS Russian News Agency, published on December 8, 2023.

<https://tass.com/politics/1717775>

Conclusion:

The multifaceted cooperation between Russia and the United Arab Emirates (UAE) stands as a testament to the dynamic and evolving nature of international relations in the 21st century. This issue brief has underscored several critical areas of this partnership, each contributing uniquely to the strengthening of ties between the two nations.

Firstly, tourism has emerged as a significant pillar of Russia-UAE cooperation. The UAE's ambitious efforts to attract Russian tourists, coupled with Russia's interest in diversifying its tourism destinations, have led to a flourishing exchange that benefits both economies. This synergy in tourism is a reflection of deeper cultural and economic understanding between the two nations.

Moreover, the presence of Russia in various international groupings such as BRICS, SCO, OPEC+, GCC + Russia strategic dialogue has further cemented its role as a key player in global affairs. The UAE's support and collaboration in these forums exemplify a shared vision for a multi-polar world order and mutual respect for each other's strategic interests.

The burgeoning trade in Russian fish exports to the UAE²⁷ is another dimension of this partnership. It not only diversifies the UAE's sources of seafood but also opens new markets for Russia, enhancing its economic footprint in the Middle East.

Finally, the role of religious diplomacy cannot be understated. Russia and the UAE have shown how interfaith dialogue and respect for religious diversity can bridge gaps and foster mutual understanding. This aspect of their relationship goes beyond economic or strategic interests and delves into the realm of cultural and humanitarian cooperation.

In conclusion, the Russia-UAE partnership is seen by many as a multifaceted and dynamic relationship that serves as a model for international cooperation. As the two sides continue to engage in various sectors ranging from tourism and trade to strategic dialogues and religious diplomacy, the potential for further deepening and expanding this partnership remains huge. The future of Russia-UAE relations looks promising, with ample opportunities for both countries to benefit from continued collaboration and mutual understanding.

²⁷ *"China, UAE, Brazil - main directions for developing Russia's fish exports in 2024"*, TASS Russian News Agency, published on December 14, 2023.
<https://tass.com/economy/1721445>