

A startling public row between Saudi Arabia and brash neighbour the UAE has exposed the steadily diverging paths of once inseparable allies who are competing to profit from what may be the world's last oil boom.

Wrinkles in relationships between the Gulf monarchies are usually resolved behind palace walls, but a fiery debate over the future of global oil production burst into the open this week.

The United Arab Emirates has bitterly opposed a proposed deal by the OPEC+ alliance of oil-producing countries, slamming it as “*unjust*” and triggering a stalemate that could derail efforts to curb rising crude prices amid a fragile post-pandemic recovery.

That is a rare challenge to Saudi Arabia, the world's number-one oil exporter — as well as the Arab world's largest economy and custodian of Islam's holiest sites.

But the fault lines were drawn before this week's virtual talks. And while observers say a full rupture is unlikely, the new competitive spirit will only intensify.

Saudi Arabia's ambitious de facto ruler Crown Prince Mohammed bin Salman and the UAE's strongman Crown Prince Mohammed bin Zayed have long been seen as the region's power couple, known by their matching initials — MBS and MBZ.

While MBZ was once seen as a mentor to the younger leader, their lack of joint appearances of late has triggered speculation that the relationship has cooled considerably.

## **Economic race**

Economic rivalry is at the heart of the feud. The Gulf states are trying to cash in on their vast oil reserves as they face the beginning of the end of the oil era.

Riyadh is desperate to fund an overdue programme to diversify its economy before the switch to renewables is complete.

The kingdom has “*suffered from 50 years of lethargy in terms of economic policy and dynamism and now has to play catch-up,*” said Saudi government advisor Ali Shihabi.

The Emiratis *“will understand that you have to make some space for that”*, he said.



Kirsten Fontenrose, a former White House official responsible for Saudi policy and now with the Atlantic Council, said strongarm tactics set the stage for the OPEC+ row.

The neighbours have now decided *“we have to prioritise our financial future against our friendship”*, she said.

*“It’s tit-for-tat and no hard feelings, just economic realities.”*

### **Shot across the bows**

Long the region’s sleeping giant, Saudi Arabia is increasingly rivalling Dubai — long the region’s business and services hub — by creating new post-oil industries such as tourism and technology from scratch.

Nevertheless, quality of life and ease of doing business mean that Emirati hubs Dubai and

Abu Dhabi remain a powerful draw compared with the broken pavements and bewildering bureaucracy of Riyadh.

With few carrots in its arsenal, Saudi Arabia has wielded the stick.

In February, it issued an ultimatum to foreign firms that those seeking state contracts must have their Middle East headquarters in the kingdom by 2024.

*“There were some hits below the belt by our neighbour, but the issues will stay under control, inshallah (God willing),”* an adviser to the UAE government told AFP, asking not to be named.

## **War wounds**

The first obvious fracture in the relationship came in mid-2019 when the UAE made a hasty exit from the disastrous conflict in Yemen, after marching in with Saudi Arabia five years before as part of a coalition to support the internationally recognised government.

That left Riyadh deep in a quagmire from which it is still struggling to escape.



Image for representation

*“Was there some Saudi sensitivity when the Emiratis exited rapidly out of Yemen? Yes there was,”* said Shihabi.

*“Saudi would have hoped that the Emiratis would have been slower... and coordinated more, but the Emiratis had their own calculations, (creating) a bit of ill-feeling.”*

Seismic moves in regional diplomacy have illustrated the differing world views of the Gulf powers.

The UAE has spearheaded engagement with Israel, signing the US-brokered *“Abraham Accords”* in September 2020, expanding to include Bahrain, Morocco and Sudan, and sparking outrage among Palestinians.

Riyadh pointedly did not follow, despite cheerleading from Washington.

Saudi Arabia meanwhile led a rapprochement with Qatar, which had endured a more than

three-year boycott by its neighbours over claims the gas-rich nation backed Islamists and was too close to their regional rival Iran.

The UAE, which has zero tolerance for political Islam, complied with the fence-mending moves — but with little enthusiasm.

## Out in the open

*“There are new alliances being created in the region,”* the Abu Dhabi government advisor told AFP.

*“Two camps are emerging.”*

These diverging interests, once handled with discretion, are now being raked over in public, but observers say the neighbours are far from a Qatar-style rupture.

*“Talk of a rift is overblown,”* said Fontenrose.

*“Both countries are just trying to secure the economic future that they’ve put forward in their vision plans and which their leaders have a lot riding on.”*

Yet unlike irritants such as Yemen policy and competition for foreign investment, the oil production row could not be settled quietly, as it is a high-stakes issue for global energy markets.

*“You can’t avoid it with OPEC,”* Shihabi said. *“When you have more than 20 people in the room and you quarrel with your wife, you can hardly hide it.”*



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