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# China-UAE Trade Corridor: New MoUs and agreements to boost Belt and Road Initiative



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# UAE-China trade relations in expansion mode

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The Emirates is set to play a major role in China's 'Belt and Road' ambitions in the Middle East.

The UAE has set its sights on boosting trade and investment ties with the world's second largest economy – China.

While the economic powerhouse of Asia has been a strong market for UAE oil exports, the relationship between the two countries has deepened over the past few years as they find synergies and areas of co-operation in a wide range of sectors that go beyond hydrocarbons.

China and the UAE launched a US\$ 10 billion fund in late 2015, which focuses on sectors of strategic importance to them.

"This fund will also play a critical role in supporting the One Belt, One Road initiative, as we work towards improving connectivity and co-operation with our regional partners across Eurasia," [Chinese president Xi Jinping](#)<sup>1</sup> said at the time.

The relationship was further cemented in 2018 when Xi [visited the UAE](#)<sup>2</sup> and signed a raft of deals to deepen China's ties with the Arab world's most diverse economy.

"UAE-China strategic partnerships constitute an important model in the international economic relations. Agreements signed during president Xi Jinping's state visit to the UAE will definitely catapult this partnership to new heights," said Sultan bin [Saeed Al Mansouri, minister of economy](#)<sup>3</sup>.

The two countries said they are building on their [strategic partnership](#)<sup>4</sup>, which was launched in 2012, and expanding their co-operation to develop China's 'Belt and Road Initiative', while establishing sustainable trade and investment ties to achieve their common interests.

The two sides are also working together to organise conferences and forums under the 'Belt and Road' banner. In November, for example, UAE was one of more than [130 countries](#)<sup>5</sup> that took part in the [China International Import Expo](#) (CIIE)<sup>6</sup> in Shanghai. During the event, [president Xi](#)<sup>7</sup> reiterated China's commitment to global free trade.

In addition, the UAE is a founding member of the Asian Infrastructure Investment Bank (AIIB), a Chinese initiative, which aims to support development efforts in Asia.

## Collaborative Projects

Another area of collaboration is the expansion of co-operation in e-commerce specialised training, developing cross-border e-commerce, and supporting the development of bilateral trade via e-commerce. The UAE and China are also considering a 'framework agreement' to work on various projects. They intend to collaborate in fields involving innovation, technology transfer, and economic diversification, as well as leverage the UAE-China Business Committee to co-operate in the areas of logistics, transport, industry, technology, artificial intelligence and energy, renewable and food security fields, and training for small and medium enterprises (SMEs).

The two sides are exploring partnerships in the free trade zones through ports and by building special export-oriented economic zones, establishing industrial projects, including fourth generation and other advanced industries.

A testament to this initiative was the decision in 2016 of China's COSCO Shipping Limited, the world's largest container operator, to choose Khalifa Port as hub for its operations in the Middle East. It also has plans to expand the annual capacity to 6 million TEUs at the facilities – making it the [largest](#)<sup>8</sup> container freighter station in the region. The move will make the Abu Dhabi-based Khalifa Port attractive to investors in Eastern Asia.

And since 2017, more than 15 Chinese companies have set up base in [the Khalifa Industrial Zone Abu Dhabi](#) (Kizad)<sup>9</sup> to build various industries with a total investment of US\$ 1 billion, according to Mohamed Juma al Shamsi, chief executive of Abu Dhabi Ports.

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## Cross-Border Deals

The two countries also plan to take their partnership across the border with joint investments in the African continent and Pacific Islands.

UAE and China are keen to boost financial services ties by enabling bank branches in each other's countries to facilitate support for trade and bilateral investment, by strengthening co-operation between the UAE international financial centres and Shanghai Stock Exchange.

In 2018, the [Abu Dhabi Global Market](#) (ADGM)<sup>10</sup>, an international financial centre signed a memorandum of understanding with Shanghai Stock Exchange, China's largest securities exchange, to establish a "Belt and Road" Exchange in ADGM.

When created, the "Belt and Road" Exchange in Abu Dhabi will serve as a key international capital-raising platform supporting Chinese enterprises, foreign companies and global organisations to finance their investments, including along the Silk Road Economic Belt network, the companies said.

ADGM followed up the deal by opening its first overseas representative office in Beijing, to strengthen Abu Dhabi's ongoing collaborations with the Chinese government and financial and business community.

Meanwhile, ADGM and [the Hong Kong Securities and](#)

[Futures Commission](#)<sup>11</sup> recently agreed to jointly promote and support financial services innovation in Hong Kong and the UAE. Together, the two regulators aim to develop financial technology (fintech) ecosystems and bolster the financial industries in their respective markets.

Other areas of co-operation outlined in the memorandum of understanding include education, science and technology under the "Partnership Programme between China and Arab countries in Science and Technology". Under the programme, young Emirati scientists will be facilitated to conduct short-term scientific research in China and learn new technologies.

Finally, the two countries will work on developing crude oil trade; exploration and development of oil and natural gas resources and engineering construction services for oil fields and for networking of strategic storage facilities; refining derivatives and petrochemicals domains; and other industries and related business activities.

The agreements should help enhance the UAE's role as a regional gateway for China, as about 60% of exports from the Asian country pass through UAE ports. China has been the UAE's top trading partner for the past three years, with trade between the two partners likely to cross US\$ 70 billion by 2020, according to a [UAE official](#).<sup>12</sup>

## FOOTNOTES:

1 <https://www.thenational.ae/business/uae-china-to-set-up-10bn-joint-strategic-investment-fund-1.105808>

2 <http://www.wam.ae/en/details/1395302699864>

3 <http://www.wam.ae/en/details/1395302699885>

4 <http://www.wam.ae/en/details/1395302699891>

5 <https://www.prnewswire.com/news-releases/the-first-china-international-import-expo-to-welcome-2800-exhibitors-from-over-130-countries-as-china-looks-to-grow-imports-300737608.html>

6 <https://ejtemaat.com/CIIE/>

7 <https://www.scmp.com/economy/china-economy/article/2171650/xi-jinping-opens-china-international-import-expo-shanghai>

8 <http://www.kizad.ae/2017/11/05/cosco-shipping-ports-break-ground-khalifa-port/>

9 <https://www.reuters.com/article/emirates-china-investments/abu-dhabi-industrial-zone-attracts-1-bln-fdi-from-china-idUSL8N1RW480>

10 <https://www.adgm.com/mediacentre/press-releases/abu-dhabi-global-market-and-shanghai-stock-exchange-collaborate-on-the-establishment-of-a-belt-and-road-international-exchange-in-adgm/>

11 <https://www.adgm.com/mediacentre/press-releases/abu-dhabi-global-market-and-the-hong-kong-securities-and-futures-commission-hk-sfc-strengthen-partnership-to-advance-financial-innovation/>

12 <http://www.wam.ae/en/details/1395302699653>

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