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U.S.–UAE AI Cooperation: Future Trajectories

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Cover Image: Sunset over the Dubai skyline. (Kusska / Getty Images)

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EXECUTIVE SUMMARY

Cooperation between the United Arab Emirates and the United States on artificial intelligence has taken on a new intensity, with Washington pressing to expand the number of data centers and next-generation manufacturing built with U.S. technology. The White House's cooperation with the UAE on the $500 billion Stargate data center project, data-driven workforce empowerment, and a multitier chip security regulation framework can satisfy these pressing demands while safeguarding against diversions of high-end U.S.-manufactured chips. A two-tier metric involving the frequency and timing of chip diversions can form the basis of effective U.S.-UAE regulatory cooperation in this realm.

This publication details the contours of an effective regulatory framework and underlines vast potential to scale up private AI partnerships between U.S. and Emirati firms, including those that preceded the framework. Recommendations based on the motivations for AI capacity-building within both the United States and the UAE provide an outline of how Washington can use its $1.4 trillion investment cooperation framework to advance meaningful U.S. leadership in the Middle East in addition to scaling up data center financing for future U.S. infrastructure.

Policy Recommendations

1. TREAT THE AI INVESTMENT COOPERATION FRAMEWORK AS A MULTILATERAL IMPERATIVE
2. USE COMPUTATIONAL POWER TO PROMOTE COST-EFFECTIVE ELECTRICITY ACCESS
3. LEVERAGE U.S. STARGATE INVESTMENTS TO BENEFIT DEVELOPING ECONOMIES
4. EXTEND U.S. POLICY SUPPORT TO IMPROVE DATA SOVEREIGNTY IN IRAQ
5. SHARE DATA PROTECTION PRACTICES TO PROMOTE RESPONSIBLE AI USE
6. UTILIZE THE UAE'S TALENT DEVELOPMENT HUB TO FILL TRAINING AND AI EXPERTISE GAPS
7. EXPAND THE NET OF AI PARTNERSHIP STAKEHOLDERS TO MEET U.S. INDUSTRIAL NEEDS

Introduction

The evolution of artificial intelligence cooperation between the U.S. and the UAE is revealing itself in their joint $1.4 trillion technology investment framework agreed to in March 2025. Major shifts include Abu Dhabi's targeting of U.S. investments across semiconductors, smart AI infrastructure, and critical technologies, as well as data centers.[1] Although both countries have included cooperation on digital infrastructure expansion in their policy positions, including a $1.5 billion investment initiative from Microsoft and UAE-based G42 targeting Middle Eastern economies in 2024, the scale and depth of the 2025 investments warrant closer attention. The framework's timing makes future AI trajectories transformative for a U.S. technological boom.[2] According to the AI Action Plan put forth by U.S. President Donald Trump's administration, internationally competitive infrastructure, long-term AI innovation, and diplomacy are fundamental pillars of enduring, self-sufficient ecosystems directed at powering cutting-edge U.S. industries.[3]

These include next-generation defense manufacturing, pharmaceuticals, semiconductors, energy, and biosecurity sectors.[4] However, there is a lack of long-term certainty on policy fronts including the securing of advanced AI chips, healthy investments in advanced U.S. data centers, and regulations preventing diversions of U.S.-origin technologies. With top U.S. technology firms accelerating capital expenditures amid similar acceleration from Washington's own domestic AI spending, the United States benefits if it treats its 10-year AI investment framework with the UAE as a multilateral imperative.[5] Demonstrated focus on competitive strengths, existing momentum on a regulatory framework, and emphasis on workforce development suggest that the enduring partnership can assume several trajectories, adding value to Washington's domestic AI capacity-building goals.[6] Additionally, the framework serves as a catalyst for stronger computation demand across Gulf Cooperation Council

1 "Fact Sheet: President Donald J. Trump Secures $200 Billion in New U.S.-UAE Deals and Accelerates Previously Committed $1.4 Trillion UAE Investment," *White House,* May 15, 2025. https://www.whitehouse.gov/fact-sheets/2025/05/fact-sheet-president-donald-j-trump-secures-200-billion-in-new-u-s-uae-deals-and-accelerates-previously-committed-1-4-trillion-uae-investment/

2 "Microsoft to invest $1.5 billion in Emirati AI firm G42 for minority stake," *Reuters,* April 16, 2024. https://www.reuters.com/markets/deals/microsoft-invest-15-bln-emirati-ai-firm-g42-new-york-times-reports-2024-04-16/

3 "America's AI Action Plan," *The White House,* July 2025. pp 3, 14, 20. https://www.whitehouse.gov/wp-content/uploads/2025/07/Americas-AI-Action-Plan.pdf

4 See "Adoption of AI within the Department of Defense" in America's AI Action Plan, *The White House.* p 11; "AI's US$ 868 billion healthcare revolution," *PwC,* June 2, 2025; https://www.strategyand.pwc.com/de/en/industries/pharma-life-sciences/ai-healthcare-revolution.html; and "Silicon squeeze: AI's impact on the semiconductor industry," *McKinsey & Company,* April 30, 2025. https://www.mckinsey.com/industries/semiconductors/our-insights/silicon-squeeze-ais-impact-on-the-semiconductor-industry

5 Philip Luck, "How Tariffs Could Derail the United States' $3 Trillion AI Buildout," *Center for Strategic and International Studies,* August 7, 2025. https://www.csis.org/analysis/how-tariffs-could-derail-united-states-3-trillion-ai-buildout

6 Cody Combs, "Trump's AI plan seeks to remove regulatory barriers and shuns DEI," *The National,* July 23, 2025. https://www.thenationalnews.com/future/technology/2025/07/23/trump-ai-announcement-action-plan/

Data center with rows of server racks used for modern telecommunications, artificial intelligence, servers, and 3D rendering. (Oselote for Getty Images)

economies, effectively advancing the U.S.'s ability to promote meaningful AI engagement in the region.

Considerations for Data Center Financing and Secure Chip Management

While management of sophisticated U.S.-origin AI chips is critical to the expansion of technological cooperation, tangible guarantees on financial flows and data center support to advance domestic AI growth momentum is imperative. The U.S. will require large-scale industrial plants to fast-track production of semiconductors in the coming years, with limits on how much of the development burden AI giants such as Nvidia and AMD should shoulder.[7] For instance, the former's plans to design factories streamlining AI supercomputer production in the U.S. does not contest Washington's primacy in AI leadership, which warrants diverse investment partnerships to embed its chipmaking giants into the international supply chain.[8]

Optimism stems from the following factors:

The UAE's $500 billion Stargate project provides strategic incentives for U.S. companies via domestic AI capacity expansion.[9] This encompasses the adaptation of AI best practices and ensuring of standards for future industry compliance. Stargate aims to host 5 gigawatts of data centers, a fact that drew G42 and Nvidia closer by linking government and commercial entities in the Emirates with sophisticated AI models.[10]

Mass production and distribution of AI technologies across U.S. sectors is a government priority, meaning that Stargate's use of Grace Blackwell GB300 systems and Nvidia's most advanced AI servers can provide a natural testing

7 "Semiconductors have a big opportunity—but barriers to scale remain," *McKinsey & Company,* April 21, 2025. https://www.mckinsey.com/industries/semiconductors/our-insights/semiconductors-have-a-big-opportunity-but-barriers-to-scale-remain

8 "NVIDIA to Manufacture American-Made AI Supercomputers in US for First Time," *NVIDIA,* April 14, 2025. https://blogs.nvidia.com/blog/nvidia-manufacture-american-made-ai-supercomputers-us/

9 Emil Sayegh, "Stargate AI Project: The $500 Billion Gamble To Dominate The Future," *Forbes,* January 22, 2025. www.forbes.com/sites/emilsayegh/2025/01/22/stargate-ai-project-the-500-billion-gamble-to-dominate-the-future/

10 Gregory C. Allen, Georgia Adamson, Lennart Heim, and Sam Winter-Levy, "The United Arab Emirates' AI Ambitions," *Center for Strategic and International Studies,* January 24, 2025. https://www.csis.org/analysis/united-arab-emirates-ai-ambitions

ground for chips ahead of their mass production in the U.S.[11]

Allowing the UAE to employ nearly 100,000 Nvidia chips to power the world's largest set of AI data centers provides Washington with ample incentive for Abu Dhabi to finance the buildout of data warehouses in its territory.

UAE-based MGX – a major player in financing the country's AI ambitions – is already acquiring billions of dollars in third-party capital to ramp up future funding of promising AI assets.[12] With that number set to reach $25 billion this year, it is in the U.S. interest to finalize exports of high-end Nvidia chips and cement itself as a priority destination for future UAE data center investments.[13] Evidence from McKinsey & Co. further suggests that total capital expenditure for data center infrastructure could reach $6.7 trillion by 2030.[14] Amid massive strain on U.S. tech giants to shoulder financing of cutting-edge AI servers, it is critical that Washington secure external financing from a key Gulf ally.[15] Presently, MGX plans an investment of about $7 billion in the Stargate data center project, with indications that this could be scaled up.[16] MGX joined BlackRock Inc. and Microsoft last year to streamline $30 billion in private equity capital for the buildout of data centers, with most infrastructure investments taking place in the United States.[17] Central to these efforts, however, were corporate and government initiatives to raise billions of dollars from the UAE to finance semiconductors for AI models.[18] Considering increasing demand for U.S. data centers and government efforts to diversify financing away from tech giants, Washington should limit chip export restrictions for the UAE to allay critical concerns in Abu Dhabi, such as reliable management of U.S.-origin chips amid intensifying competition with China.

A starting point could be to include AI chip trackers as a formal component of U.S.-UAE regulations under the investment framework.[19] High-level policy exchanges in July made apparent that security guarantees that would prevent jointly enabled AI technologies from diversion are a key component of the Stargate deal and associated negotiations.[20] With such prior understandings, Washington also has sufficient leverage to seek buy-in from Abu Dhabi on formalizing imports of cutting-edge AI chips against understandings that location tracking devices embedded in them serve as a national security prerogative.

The U.S. continues to treat location trackers as a clandestine imperative and is likely to apply them to shipments with higher risks of diversion to foreign adversaries, chiefly China.[21] However, U.S. interests in maintaining a competitive edge and preventing advanced technologies from diverting toward Beijing demand that early pacts with the UAE cover U.S. national security protections.

11 "Stargate UAE' AI datacenter to begin operation in 2026," *Reuters,* May 22, 2025. https://www.reuters.com/business/media-telecom/stargate-uae-ai-datacenter-begin-operation-2026-2025-05-22/

12 Dinesh Nair and Alex Dooler, "Abu Dhabi's MGX Weighs Raising Billions for AI Investment Fund," *Bloomberg,* August 5, 2025. https://www.bloomberg.com/news/articles/2025-08-05/uae-s-ai-push-abu-dhabi-s-mgx-weighs-multibillion-dollar-investment-fund

13 Ibid; and "National-Security Concerns Tie Up Trump's U.A.E. Chips Deal," *Wall Street Journal,* July 16, 2025. https://www.wsj.com/politics/national-security/national-security-concerns-tie-up-trumps-u-a-e-chips-deal-a0273815

14 "The cost of compute: A $7 trillion race to scale data centers," McKensey & Co., April 28, 2025. https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/the-cost-of-compute-a-7-trillion-dollar-race-to-scale-data-centers

15 "The data center balance: How US states can navigate the opportunities and challenges," *McKinsey and Company,* August 8, 2025. https://www.mckinsey.com/industries/public-sector/our-insights/the-data-center-balance-how-us-states-can-navigate-the-opportunities-and-challenges

16 Adveith Nair and Mark Bergen, "Abu Dhabi's MGX Helps Bankroll Trump's $100 Billion AI Plan," *Bloomberg,* January 23, 2025. https://www.bloomberg.com/news/articles/2025-01-23/the-abu-dhabi-fund-helping-bankroll-trump-s-100-billion-ai-plan

17 "Kuwait Wealth Fund Joins Microsoft, MGX's $30 Billion AI Venture," *Bloomberg,* June 3, 2025. https://www.bloomberg.com/news/articles/2025-06-03/kuwait-s-wealth-fund-joins-microsoft-blackrock-and-mgx-s-ai-partnership

18 "US seeks alliance with Abu Dhabi on artificial intelligence," *Financial Times,* April 20, 2024. https://www.ft.com/content/843796a6-191c-4828-8bc9-d6648e4b460e

19 Fanny Potkin, Karen Freifeld and Jun Yuan Yong, "Exclusive: US embeds trackers in AI chip shipments to catch diversions to China, sources say," *Reuters,* August 14, 2025. https://www.reuters.com/world/china/us-embeds-trackers-ai-chip-shipments-catch-diversions-china-sources-say-2025-08-13/

20 "UAE welcomes Trump's AI Action Plan, ambassador AI Otaiba says," *The National,* July 24, 2025. https://www.thenationalnews.com/future/technology/2025/07/23/uae-ai-action-plan-trump-chips/

21 "Exclusive: US embeds trackers in AI chip shipments to catch diversions to China, sources say," *Reuters,* August 14, 2025. https://www.reuters.com/world/china/us-embeds-trackers-ai-chip-shipments-catch-diversions-china-sources-say-2025-08-13/

During the Breaking Barriers III conference held in Kuwait City, UAE Minister of State for Artificial Intelligence, Digital Economy, and Remote Work Omar al-Olama (L) and Kuwait News Managing Director Abdullah Boftain take part in a discussion titled AI vs. EI: The Savior of Business in November 2025. (Yasser Al-Zayyat / AFP / AFP via Getty Images)

Ensuring AI Systems Are Built with U.S. Technology

The preliminary agreement to export about 500,000 of Nvidia's most sophisticated chips per year to the UAE has been in place since May and builds on Washington's promotion of adopting U.S.-made AI systems, technology standards, and computing assets worldwide.[22] Prospects within Abu Dhabi to extend the chip import agreement to 2030 suggest that the U.S. can condition yearly imports on greater regulatory cooperation from the UAE.[23] Additionally, location tracking, shipment-to-shipment feedback from the UAE on chip status, and a level of future shipments based on current regulatory compliance can all be part of the AI Acceleration Partnership framework. The framework thus far also uses a joint set of commitments for protecting critical technologies, but ongoing efforts to establish working groups for monitoring and implementation suggest the U.S. can include twofold anti-diversion safeguard criteria as part of an enduring bilateral, regulatory understanding with the UAE.[24]

There are signs that the UAE could support greater regulatory compliance with the U.S.[25] In turn, such support can help finance advanced U.S. data centers regardless of the U.S. administration in office. Abu Dhabi maintains the only dual-use export control system in the Gulf, modeled largely on technology-sharing focused on nuclear energy.[26] By introducing robust U.S. checks on advanced AI chips, including requests to codify exports to countries on U.S. export control lists, the UAE's existing system can be used to prevent unauthorized transfers of sensitive AI technologies.

There are several merits to this regulatory framework. First, the system's existence spares Washington the costs of ensuring regulatory compliance. Second, past challenges of constricted computing power, alongside U.S. chip export restrictions since 2023, make it difficult for the UAE to take U.S. nation-

22 Mackenzie Hawkins, Jenny Leonard, and Ben Bartenstein, "US Mulls Letting UAE Buy Over a Million Leading Nvidia Chips," *Bloomberg,* May 13, 2025. https://www.bloomberg.com/news/articles/2025-05-13/us-weighs-letting-uae-buy-over-a-million-advanced-nvidia-chips

23 "US close to letting UAE import millions of Nvidia's AI chips, sources say," Reuters, May 15, 2025. https://www.reuters.com/business/finance/us-close-letting-uae-import-millions-nvidias-ai-chips-sources-say-2025-05-14/

24 "UAE and US Presidents attend the unveiling of Phase 1 of new 5GW AI campus in Abu Dhabi," *US Embassy and the Consulate in the United Arab Emirates,* May 15, 2025. https://ae.usembassy.gov/uae-and-us-presidents-attend-the-unveiling-of-phase-1-of-new-5gw-ai-campus-in-abu-dhabi/

25 "Trump agrees deal for UAE to build largest AI campus outside US," The Guardian, May 15, 2025. https://www.theguardian.com/us-news/2025/may/15/trump-artificial-intelligence-uae

26 Lauriane Héau, "The Relevance of Dual-Use Export Controls for Gulf States," *PRISME,* March 2025. https://prismeinitiative.org/publications/relevance-dual-use-export-controls-gulf-states-lauriane-heau/

al security concerns for granted. There is also evidence to suggest that Abu Dhabi has been pressing for greater access to sophisticated semiconductors in the wake of restrictions and supports multiyear technological infrastructural investments in the United States.[27] As a result, Washington has the opportunity to use these interests to ease export controls on the UAE without being wary of China's competitive edge.

Chip Controls: From Aim to Action

A fundamental consideration for U.S. foreign policy on chip controls is preventing Beijing from gaining indirect access to cutting-edge U.S. AI chips, as over the years China has competed for supremacy and expanded its chipmaking influence in the Gulf.[28] Hence, U.S. threat assessments have some basis, given the increased penetration of Chinese technology firms into Gulf markets and Beijing's ability to align market penetration strategies with changing regulatory environments. Months before the UAE-U.S. AI Investment Cooperation Framework was finalized, however, momentum grew among Abu Dhabi's policymaking circles to prioritize technological innovation and future AI ambitions largely on Washington's terms. Emirati officials were more vocal on decoupling AI cooperation from economic and energy cooperation with China amid tangible efforts to compartmentalize semiconductor sourcing, data center development, and U.S.-focused cloud services.[29]

It is hence important to understand that while Beijing remains a critical economic partner for the UAE, the Emiratis' access to U.S. technology has grown stronger and more secure. For example, in 2024, pressure from the White House under President Joe Biden over concerns surrounding AI technology diversion prompted G42 to relinquish Chinese hardware and sell Chinese investments.[30] Documented AI chip smuggling to China also traces its roots to the Middle East and the Asia-Pacific, with the UAE being a key transshipment point for smuggled AI chips.[31] Such developments underscore the need for deeper awareness in Abu Dhabi about operating in lockstep with the U.S. to achieve AI ambitions, compartmentalizing AI cooperation with China, and being receptive to U.S. concerns about chip diversion and security safeguards.

Economic Diversification

The AI technology investment framework also comes amid considerable potential for AI-enabled growth in both countries. The UAE's 2024 policy document on AI makes clear that development of sustainable AI applications across a multitude of economic sectors are chief motivations for the Emirates to continue with technological innovation.[32] Abu Dhabi's ambitions for climate-friendly policy outcomes also depend on realizing international AI ambitions on home soil.[33] The Stargate project captures these motivations, with the merging of leading U.S. and international AI companies to extend transformative public service delivery options within an estimated 2,000-mile radius. This is largely through compute capacity to multinationals, government agencies, and down

27 "UAE Official to Press US on Ability to Buy More Nvidia AI Chips," *Bloomberg,* March 13, 2025. https://www.bloomberg.com/news/articles/2025-03-13/uae-official-to-press-us-on-ability-to-buy-more-nvidia-ai-chips

28 "National-Security Concerns Tie Up Trump's U.A.E. Chips Deal," *Wall Street Journal,* July 16, 2025. https://www.wsj.com/politics/national-security/national-security-concerns-tie-up-trumps-u-a-e-chips-deal-a0273815.

29 Gregory C. Allen, Georgia Adamson, Lennart Heim, and Sam Winter-Levy, "The United Arab Emirates' AI Ambitions," *Center for Strategic and International Studies,* January 24, 2025. https://www.csis.org/analysis/united-arab-emirates-ai-ambitions

30 "US lawmakers raise worries about China in Microsoft deal with Emirati AI firm," *Reuters,* July 12, 2024. https://www.reuters.com/technology/artificial-intelligence/republican-lawmakers-deeply-concerned-over-microsoft-g42-ai-deal-letter-says-2024-07-11/

31 "US looking into whether DeepSeek used restricted AI chips, source says," Reuters, February 1, 2025. https://www.reuters.com/technology/us-looking-into-whether-deepseek-used-restricted-ai-chips-source-says-2025-01-31/

32 See "UAE's International Stance on Artificial Intelligence Policy." https://www.uaelegislation.gov.ae/en/policy/details/uae-s-international-stance-on-artificial-intelligence-policy

33 See "UAE Position on AI Policy," September 2024. p5. https://www.uaelegislation.gov.ae/en/policy/download/uae-s-international-stance-on-artificial-intelligence-policy

to local levels.[34]

However, despite substantial progress in the UAE toward workforce empowerment through big data and new-age technologies for women-led digital start-ups, workplace equity and capital accumulation challenges persist.[35] Efforts to build a skilled workforce adapting to a fast-changing, technology-driven international economy also remain distant, while small and medium enterprises lack cost-efficient, cutting-edge graphics processing units, data processing, and storage capacities.[36] The United States' demonstrated command in these fields, and Washington's desire to ensure that AI infrastructure abroad is built with U.S. technology, underline the strategic utility of shaping the UAE's AI-enabled economic transformation.

Washington's strategic priorities also focus on reshoring semiconductor manufacturing at scale while cultivating an AI-focused, skilled workforce in times when about two-thirds of global employers anticipate business transformations by 2030.[37] Hence, greenlighting over $24 billion in energy infrastructure and data center investments under the UAE-U.S. investment framework enables the U.S. to benefit from spikes in long-term economic growth, the creation of thousands of high-demand jobs, and income generation commensurate with future international standards. A report from the World Economic Forum[38] suggests that transitioning toward rapid digital skill-building is advantageous for traditional, nontechnical job roles, which ameliorates concerns among U.S. citizens, two-thirds of whom fear job losses amid growing AI interventions.[39]

"Washington's strategic priorities also focus on reshoring semiconductor manufacturing at scale while cultivating an AI-focused, skilled workforce in times when about two-thirds of global employers anticipate business transformations by 2030."

Contours of a Cooperative Regulatory Framework

U.S. chip export rules are largely driven by Biden-era AI diffusion rules. This has a strategic bearing on the shaping of U.S. regulatory considerations with the UAE. Rolled-back, broader U.S. national security concerns over chip diversion have stalled efforts to streamline access to cutting-edge Nvidia chips, challenging timely procurement in the Emirates and impeding the communication of genuine policy shifts.[40]

As a result, coordinating expectations around flexible, hard-set regulations factoring in U.S. security considerations and supporting efforts to expand indigenous data center growth in the Emirates will warrant considerations of both frequency and timing of chip imports.

Frequency

Washington can pursue tightening of future AI server shipments based on the frequency of chip procurement from well-established and credible sourcing partners in the Emirates. The absence of such rules enabled China to procure U.S.-sourced AI chips through unauthorized intermediaries, fueling fears of giving an Nvidia-backed technological edge to large-scale generative Chinese

34 "OpenAI and Nvidia among companies building Stargate AI infrastructure in UAE," CNN, May 22, 2025. https://edition.cnn.com/2025/05/22/tech/nvidia-openai-stargate-ai-uae-intl

35 Zaidan, Esmat, and Muhammad Mubashir Ehsan. 2025. "Women's Labor and Business Participation in the GCC: A Comparative Analysis of Qatar, Bahrain, and the UAE." *Cogent Social Sciences* 11 (1). doi:10.1080/23311886.2025.2499900.

36 Fadi Salem and Sarah Shaer, "The Artificial Intelligence SMEs Ecosystem in the UAE: Overcoming Challenges, Expanding Horizons," *Mohammed Bin Rashid School of Government,* April 2025. p 7, 34. https://mbrsg.ae/the-artificial-intelligence-smes-ecosystem-in_the-uae

37 "Future of Jobs Report," *World Economic Forum,* January 2025. https://reports.weforum.org/docs/WEF_Future_of_Jobs_Report_2025.pdf

38 Future of Jobs Report 2025, World Economic Forum, January 2025. https://reports.weforum.org/docs/WEF_Future_of_Jobs_Report_2025.pdf

39 Ibid; and "How the U.S. Public and AI Experts View Artificial Intelligence," *Pew Research Center,* April 3, 2025. https://www.pewresearch.org/internet/2025/04/03/how-the-us-public-and-ai-experts-view-artificial-intelligence/

40 "UAE and US working to 'get chips moving' after AI deal," *The National,* July 24, 2025. https://www.thenationalnews.com/future/technology/2025/07/24/uae-ai-chips/

President Donald Trump leads a U.S. delegation at a U.S.-UAE Business Council meeting on May 16, 2025, in Abu Dhabi. (Waleed Zein / Anadolu via Getty Images)

AI – chiefly DeepSeek.[41] Once a list of Emirati companies authorized to serve as U.S. commercial AI partners is finalized, the amounts of sourced chips and the frequency of suspected chip diversions to China can collectively constitute U.S. deliberations regarding the volume of future AI shipments to the Emirates. Framed as a national security consideration under the AI cooperation framework, it will prevent government counterparts in the UAE from viewing this as an exclusionary approach, which is important given that previously, the UAE was placed in the "middle category" of U.S. chip restrictions.[42] That capped the amount of advanced processor chip imports from the U.S. at 50,000 units, a limit that would only be increased if Abu Dhabi made further U.S.-focused security commitments.

However, that regulation had the opposite effect on UAE AI financers and potential investors in the AI Acceleration Partnership. After prompting by the UAE's national security adviser, Washington loosened access to advanced chips in March 2025.[43] There are also signs that the UAE will accommodate U.S. security concerns.[44] After all, it lacks an alternative high-end chip supplier and has partnered with multiple U.S. administrations.

Hence, U.S. threat level assessments can inform the frequency of chip exports to the UAE. These assessments can focus on key factors including the number of diversions of U.S. chips to U.S. adversaries. Also, the nature of the agreement provides fresh incentives for deeper intelligence-sharing and congressional oversight. In July 2024, for example, Republican lawmakers called on the Biden administration to support an intelligence assessment of the $1.5 billion Microsoft-G42 investment deal.[45] Such considerations are central to U.S. regulatory oversight pertaining to sensitive technology transfers and indicate broader caution on the transfer of export-restricted semiconductor chips to the

41 "US looking into whether DeepSeek used restricted AI chips, source says," *Reuters,* February 1, 2025. https://www.reuters.com/technology/us-looking-into-whether-deepseek-used-restricted-ai-chips-source-says-2025-01-31/

42 Mackenzie Hawkins, Nick Wadhams, Annmarie Hordern, and Ben Bartenstein, "UAE Official to Press US on Ability to Buy More Nvidia AI Chips," *Bloomberg,* March 13, 2025. https://www.bloomberg.com/news/articles/2025-03-13/uae-official-to-press-us-on-ability-to-buy-more-nvidia-ai-chips

43 Rishi Iyengar, "The UAE's Trump Tech Charm Offensive," FP, March 20, 2025. https://foreignpolicy.com/2025/03/20/uae-sheikh-tahnoon-meeting-trump-artificial-intelligence-ai-china/

44 "Stargate UAE's first 200 megawatts of AI capacity to go live in 2026," *Profit by Pakistan Today,* May 23, 2025. https://profit.pakistantoday.com.pk/2025/05/23/stargate-uaes-first-200-megawatts-of-ai-capacity-to-go-live-in-2026/

45 "US lawmakers raise worries about China in Microsoft deal with Emirati AI firm," *Reuters,* July 12, 2024. https://www.reuters.com/technology/artificial-intelligence/republican-lawmakers-deeply-concerned-over-microsoft-g42-ai-deal-letter-says-2024-07-11/

UAE in the absence of sufficient compliance.[46]

Timing

China's drive for technological advancement – a central consideration of U.S. threat assessments vis-à-vis the UAE – makes it critical to gauge the nature and timing of potential technology transfers.

The movement of AI chips across countries or regions isn't an anomaly. Huawei is exploring the prospect of exporting its older-generation Ascend 910B AI chips from the Middle East to Southeast Asia.[47] Though the chips are less advanced than Nvidia's newest chips, the message on timing remains central – the U.S. threat assessments of diversions to China must be a critical point of focus in any future UAE-U.S. regulations.

The ability of Chinese firms such as Alibaba and Baidu to penetrate market sectors, including those for graphics processing units, is also a factor.[48] Beijing's use of state-backed and commercial actors to expand chipmaking or associated technology access shows that the nature of technology acquisition could be a key consideration for Washington.[49,50] China's use of existing technology-sharing platforms with Middle Eastern powers suggests a recurring focus on older-generation chips to strengthen its market reach and help its enterprises accumulate long-term AI capital. Establishing a distinction between unauthorized U.S.-origin chip diversions and bilateral Emirati-Chinese arrangements for older generation chipmaking cooperation remains critical to prevent the U.S. from assessing genuine institutional cooperation as a threat. Timely intelligence assessments on both fronts can help the U.S. inform specific licensing requirements for foreign subsidiaries of concern in cooperation with authorities in the UAE.

POLICY RECOMMENDATIONS

1 TREAT THE AI INVESTMENT COOPERATION FRAMEWORK AS A MULTILATERAL IMPERATIVE

It is in the United States' interest to avoid viewing the U.S.-UAE AI Investment Cooperation Framework as only a bilateral imperative. The development of a 5 gigawatt UAE-U.S. artificial intelligence technology cluster in Abu Dhabi can undergird computation demand across Gulf Cooperation Council economies and the broader Middle East.[51] Evidence suggests that generative AI can yield 1.7 to 3 percent growth in annual non-oil gross domestic product across the Gulf if long-term partnerships among the U.S., GCC states, and the private sector are sustained.[52]

2 USE COMPUTATIONAL POWER TO PROMOTE COST-EFFECTIVE ELECTRICITY ACCESS

A rebuilding Syria, in the process of courting U.S. infrastructure assistance, can significantly benefit from compute power undergirding its efforts to boost

46 "White House considers lifting AI chip restrictions for the UAE," *The National,* May 2, 2025. https://www.thenationalnews.com/future/technology/2025/05/01/white-house-considers-lifting-ai-chip-restrictions-for-uae/

47 "Huawei seeks AI chip deals in Middle East, Southeast Asia, Bloomberg News reports," Reuters, July 10, 2025. https://www.reuters.com/world/china/huawei-seeks-ai-chip-deals-middle-east-southeast-asia-bloomberg-news-reports-2025-07-10/

48 Coco Feng, "Flurry of Chinese AI updates come from Big Tech amid further restrictions on Nvidia chips," *South China Morning Post,* April 23, 2025. https://www.scmp.com/tech/article/3307606/flurry-chinese-ai-updates-come-big-tech-amid-further-restrictions-nvidia-chips

49 "China's New Strategy for Waging the Microchip Tech War," *Center for Strategic and International Studies,* May 3, 2023. https://www.csis.org/analysis/chinas-new-strategy-waging-microchip-tech-war

50 See "House committee outlines red lines for 'Phase II' China deal," *PoliticoPro,* August 14, 2025. https://subscriber.politicopro.com/article/2025/08/house-committee-outlines-red-lines-for-phase-ii-china-deal-00510031; and "With Its Latest Rule, the U.S. Tries to Govern AI's Global Spread," *Carnegie Endowment for International Peace,* January 13, 2025. https://carnegieendowment.org/emissary/2025/01/ai-new-rule-chips-exports-diffusion-framework?lang=en

51 "UAE-US: A strategic partnership built on five decades of mutual cooperation, shared interests," *Emirates News Agency-WAM,* May 17, 2025. https://www.wam.ae/en/article/bjpxlux-uae-us-strategic-partnership-built-five-decades

52 "The state of gen AI in the Middle East's GCC countries: A 2024 report card," *McKinsey and Company,* November 6, 2024. https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-gen-ai-in-the-middle-easts-gcc-countries-a-2024-report-card

its electricity supply.[53] Stargate UAE can play a lead role in providing computational power to cooling technology hubs critical to generating cost-effective electricity. The United States can also use corporate investments in Abu Dhabi, as well as in Saudi Arabia's AI venture "HUMAIN," to expand cooling technology support through collective data center infrastructure.[54] Nvidia and Qualcomm's backend support for data center optimization, model training, and AI services can help extend long-term computational power to disadvantaged states such as Syria and help electricity supplies to reach millions.[55]

3 LEVERAGE U.S. STARGATE INVESTMENTS TO BENEFIT DEVELOPING ECONOMIES

Iraq's attempts to boost its digital economy offer an example of how the U.S. could tailor its Stargate investments to benefit developing economies. In 2024, Baghdad created its Digital Payment Regulation, hoping to use the legislation to bolster financial inclusion for marginalized groups, expedite the transition away from cash-dependent transactions, and provide digital economic incentives for businesses.[56] Stargate's emphasis on bolstering overseas compute capacities through multiple international collaborations further suggests that U.S. chip supplies to the UAE can help empower digital resources, including multinational banks and financial regulators, to help Iraq implement its regulations.[57] A pivotal aspect of the Iraqi regulations is producing regionally competitive incentives for social protection by coordinating nascent financial infrastructure with international standards. To achieve this goal, the U.S. promotion of responsible AI leadership and cultivation of the next-generation of entrepreneurs in less-advanced Middle Eastern economies by the U.S. will be a central consideration.

4 EXTEND U.S. POLICY SUPPORT TO IMPROVE DATA SOVEREIGNTY IN IRAQ

Targeted U.S. chip supplies to Stargate are designed to help the UAE link multiple tiers of its public service delivery apparatus with the data center cluster.[58] Lessons on which specific government ministries benefit from improved data storage and cloud support provide strategic insights into bolstering Iraq's own data center aspirations. This includes the Injaz data center constructed by the Iraqi government. The center is also a critical step to bolster forensics analysis. About 44 million citizens, and their national identity cards, constitute a citizen profile roster, supporting the rule of law through deeper public trust in firearms registrations and DNA biometrics.[59] The United States has several policy motivations to extend strategic insights on strengthening data sovereignty in Iraq, particularly by promoting the responsible use of data centers and preventing privacy breaches by adhering to high data protection standards.

5 SHARE DATA PROTECTION PRACTICES TO PROMOTE RESPONSIBLE AI USE

The use of U.S. chips to strengthen data coordination and access among multiple government ministries tied to Stargate is a powerful endorsement of building next-generation AI on U.S. technology.[60] In fact, Washington's stated objective in its bid to counter China's perceived AI dominance is to ensure that U.S. allies and partners build on U.S. technology.[61] By extending benefits of Stargate to less-developed economies, particularly through the sharing of data protection practices and early assessments of Stargate's domestic perfor-

53 "Syria: World Bank US$146 Million Grant to Improve Electricity Supply and Support Sector Development," *The World Bank,* June 25, 2025. https://www.worldbank.org/en/news/press-release/2025/06/25/syria-world-bank-us-146-million-grant-to-improve-electricity-supply-and-support-sector-development

54 "HUMAIN and NVIDIA Announce Strategic Partnership to Build AI Factories of the Future in Saudi Arabia," *NVIDIA,* May 13, 2025. https://nvidianews.nvidia.com/news/humain-and-nvidia-announce-strategic-partnership-to-build-ai-factories-of-the-future-in-saudi-arabia

55 "Why the U.S. Should Build Data Centers in Dubai and Riyadh," *Foreign Policy,* July 2, 2025. https://foreignpolicy.com/2025/07/02/data-centers-us-uae-partnership-saudi-arabia-ai/

56 "The Turning point: Iraq's leap into the digital economy," *UNDP,* December 3, 2024. https://www.undp.org/arab-states/press-releases/turning-point-iraqs-leap-digital-economy

57 Shirin Ghaffary, Brody Ford, and Emily Chang, "Inside the First Stargate AI Data Center," *Bloomberg,* May 20, 2025. https://www.bloomberg.com/news/features/2025-05-20/inside-stargate-ai-data-center-from-openai-and-softbank

58 "'Stargate UAE' AI datacenter to begin operation in 2026," The New Arab, May 23, 2025. https://www.newarab.com/news/stargate-uae-ai-datacenter-begin-operation-2026

59 "Thales helping Iraq build biometric data center, integrate ID and forensic systems," *Biometric Update,* April 15, 2025. https://www.biometricupdate.com/202504/thales-helping-iraq-build-biometric-data-center-integrate-id-and-forensic-systems

60 "'Stargate UAE' AI datacenter to begin operation in 2026," *The New Arab,* May 23, 2025. https://www.newarab.com/news/stargate-uae-ai-datacenter-begin-operation-2026

61 See "Pillar III: Lead in International AI Diplomacy and Security" in America's AI Action Plan, *White House,* July 10, 2025. p 20. https://www.whitehouse.gov/wp-content/uploads/2025/07/Americas-AI-Action-Plan.pdf

mance among agencies, Washington can aid Baghdad in scaling up initiatives such as Injaz. These initiatives currently lack substantial technical expertise from countries with a track record of good governance and public service delivery.

6 UTILIZE UAE'S TALENT DEVELOPMENT HUB TO FILL TRAINING AND AI EXPERTISE GAPS

It is imperative that Washington involve industrial, technology, policy-making, and civil society stakeholders from both the UAE and domestically under the $1.4 trillion AI Investment Cooperation Framework to maximize gains. At present, linkages remain largely confined to government-backed corporate deals.[62] The involvement of U.S. manufacturers can help as this can generate strong public feedback to gauge domestic outcomes of the framework.[63] On bolstering high-paying jobs in the United States, formal feedback on industrial needs can steer aspects of the framework to Washington's advantage.[64] This includes utilizing the UAE's talent development hub, a committed asset within Stargate that can fill training and AI expertise gaps in priority industries in the U.S., if industrial representatives are included as formal stakeholders within the framework.[65]

7 EXPAND THE NET OF AI PARTNERSHIP STAKEHOLDERS TO MEET U.S. INDUSTRIAL NEEDS

By leaving sector-specific thought leaders out of the equation, Washington risks compromising on its chief policy objective: upholding U.S. AI leadership at a time of escalating competition, both within the Gulf and with China. A key determinant of the government's AI leadership vision is attracting, retaining, and scaling-up foreign investment in U.S. data centers that are at least as competitive as those in the UAE.[66] However, data centers do not operate in isolation. The level of U.S. industrial penetration and the ability of specific U.S. sectors, including finance, aerospace, real estate, insurance, and health care, to tie into the data mix is critical for future AI adaptability.[67] For these reasons, the executive branch and Congress should work in tandem to formalize a multistakeholder structure that enshrines U.S. policymakers, technology leaders, industrial representatives, and civil society stakeholders as core decision-making pillars of the partnership. Diverse needs of each U.S. industry require strategic feedback from industrial stakeholders and civil society representatives on levels of AI adaptability within each industry. An integrated AI framework receptive to such needs can achieve this objective.

Conclusion

The U.S.-UAE AI Cooperation Framework presents a critical opportunity for Washington to bolster multisector manufacturing across fields that contribute meaningfully to domestic growth. The UAE's push to finance U.S. data center development can be ensured via tactical exports of advanced Nvidia AI chips. This is best served through a two-track verification criterion: frequency and timing.

The frequency of chip exports can be toggled based on levels of chip diversion compliance ensured by the UAE. If U.S. intelligence assessments indicate heightened threats of chip diversions to U.S. adversaries such as China, there are significant regulatory grounds for the U.S. to toggle future exports.

62 "US close to letting UAE import millions of Nvidia's AI chips, sources say," Reuters, May 15, 2025. https://www.reuters.com/business/finance/us-close-letting-uae-import-millions-nvidias-ai-chips-sources-say-2025-05-14/

63 Milo McBride and Daniel Helmeci, "Minerals, Manufacturing, and Markets: Foreign Policy for U.S. Energy Technology and Minerals," *Carnegie Endowment for International Peace,* February 26, 2025. https://carnegieendowment.org/research/2025/02/minerals-manufacturing-and-markets-foreign-policy-for-us-energy-technology-and-minerals?lang=en

64 Pedro Conceicao, "Are we ready to meet the expectations of AI for development?," Brookings Institution, July 22, 2025. https://www.brookings.edu/articles/are-we-ready-to-meet-the-expectations-of-ai-for-development/

65 "Stargate UAE: OpenAI to build world's largest AI data centre in Abu Dhabi," Gulf News, May 22, 2025. https://gulfnews.com/business/markets/uae-openai-will-build-massive-stargate-ai-center-in-abu-dhabi-1.500136990

66 "Fact Sheet: President Donald J. Trump Secures $200 Billion in New U.S.-UAE Deals and Accelerates Previously Committed $1.4 Trillion UAE Investment," *The White House,* May 15, 2025. https://www.whitehouse.gov/fact-sheets/2025/05/fact-sheet-president-donald-j-trump-secures-200-billion-in-new-u-s-uae-deals-and-accelerates-previously-committed-1-4-trillion-uae-investment/

67 See "This is the state of play in the global data centre gold rush," World Economic Forum, April 22, 2025. https://www.weforum.org/stories/2025/04/data-centre-gold-rush-ai/; and "Lockheed Martin Details Challenges Implementing AI in the DOD Marketspace," Aerospace America, August 4, 2025. https://aerospaceamerica.aiaa.org/institute/lockheed-martin-details-challenges-implementing-ai-in-the-dod-marketspace/

This metric also helps keep U.S. national security concerns at the forefront of advanced AI chip exports and ensures that the AI Cooperation Framework remains receptive to such concerns in the long run. Similarly, well-timed assessments give Emirati authorities ample space to consider U.S. threat assessments, with an existing dual-use export control regime heightening prospects of managing chip diversion risks.

Regional merits of Washington's AI cooperation with UAE include support for regionwide computation power and the inclusion of multinationals and energy supply entities to collectively advance responsible U.S. AI leadership in countries of need. A partnership grounded in well-informed regulatory frameworks, strong investment incentives, tactical exports of AI chips, and economic empowerment of modestly prosperous Middle East economies can ensure requisite endurance.

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